

# The Depository Trust & Clearing Corporation

Consolidated Financial Statements as of and for the Years  
Ended December 31, 2025 and 2024, and Independent Auditor's  
Report

# THE DEPOSITORY TRUST & CLEARING CORPORATION

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of  
The Depository Trust and Clearing Corporation

### Opinion

We have audited the consolidated financial statements of The Depository Trust and Clearing Corporation and its subsidiaries (the "Company"), which comprise the consolidated statements of financial condition as of December 31, 2025 and 2024, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher

than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Deloitte & Touche LLP*

March 19, 2026

**THE DEPOSITORY TRUST & CLEARING CORPORATION**  
**CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**

<u>(In thousands, except share data)</u>	<u>As of December 31,</u> <u>2025</u>	<u>As of December 31,</u> <u>2024</u>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 16,181,735	\$ 16,804,886
Participants' segregated cash	1,000	3,232
Short-term investments	1,125,000	1,210,000
Accounts receivable - net of allowance for credit losses	258,600	230,707
Participants' and Clearing Funds	112,627,487	103,585,443
Other Participants' assets	656,734	464,244
Other current assets	264,648	320,207
Total current assets	<u>131,115,204</u>	<u>122,618,719</u>
NON-CURRENT ASSETS:		
Premises and equipment - net of accumulated depreciation	243,745	264,813
Goodwill	57,699	81,811
Intangible assets - net of accumulated amortization	260,770	261,983
Operating lease right-of-use-asset	121,546	142,374
Other non-current assets	736,949	655,928
Total non-current assets	<u>1,420,709</u>	<u>1,406,909</u>
TOTAL ASSETS	<u>\$ 132,535,913</u>	<u>\$ 124,025,628</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
CURRENT LIABILITIES:		
Commercial paper - net of unamortized discount	\$ 9,114,409	\$ 9,973,028
Long-term debt, current portion	624,130	2,147,603
Pension and postretirement benefits	8,277	9,751
Operating lease liability	19,344	27,138
Accounts payable and accrued expenses	217,970	233,942
Participants' and Clearing Funds	112,627,487	103,585,443
Payable to Participants	657,734	467,476
Other current liabilities	351,539	317,049
Total current liabilities	<u>123,620,890</u>	<u>116,761,430</u>
NON-CURRENT LIABILITIES:		
Long-term debt	3,583,990	2,415,405
Pension and postretirement benefits	91,948	89,627
Operating lease liability	126,102	164,359
Other non-current liabilities	257,865	274,137
Total non-current liabilities	<u>4,059,905</u>	<u>2,943,528</u>
Total liabilities	<u>127,680,795</u>	<u>119,704,958</u>
COMMITMENTS AND CONTINGENCIES (Note 2)		
<b>SHAREHOLDERS' EQUITY</b>		
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	3,982,130	3,447,592
Accumulated other comprehensive loss, net of tax	(184,668)	(184,578)
Non-controlling interests	150,000	150,000
Total shareholders' equity	<u>4,855,118</u>	<u>4,320,670</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 132,535,913</u>	<u>\$ 124,025,628</u>

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

**THE DEPOSITORY TRUST & CLEARING CORPORATION**  
**CONSOLIDATED STATEMENTS OF INCOME**

<b>(In thousands)</b>	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>REVENUES</b>		
Settlement and asset services	\$ 664,551	\$ 588,153
Clearing services	1,336,193	1,063,103
Matching services	329,226	302,736
Repository and derivatives services	367,506	339,890
Wealth management services	134,733	131,154
Data and other services	51,282	50,252
Investment income, net	12,351	10,685
Total revenues	<u>2,895,842</u>	<u>2,485,973</u>
<b>EXPENSES</b>		
Employee compensation and related benefits	1,051,650	981,979
Information technology	327,741	284,977
Professional and other services	500,559	479,913
Occupancy	99,901	66,576
Depreciation and amortization	175,137	179,190
General and administrative	55,232	62,197
Impairment of goodwill and intangible assets	55,764	3,358
Total expenses	<u>2,265,984</u>	<u>2,058,190</u>
Total operating income	<u>629,858</u>	<u>427,783</u>
<b>NON-OPERATING INCOME (EXPENSE)</b>		
Interest income	2,304,501	2,587,855
Refunds to Participants	(1,590,598)	(1,736,762)
Interest expense	(617,836)	(684,897)
Other non-operating income, net	25,566	43,548
Total non-operating income	<u>121,633</u>	<u>209,744</u>
Income before taxes	751,491	637,527
Provision for income taxes	193,658	149,733
Net income	<u>557,833</u>	<u>487,794</u>
Net income attributable to non-controlling interests	6,420	6,300
Net income attributable to DTCC	<u>\$ 551,413</u>	<u>\$ 481,494</u>

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

**THE DEPOSITORY TRUST & CLEARING CORPORATION**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

<b>(In thousands)</b>	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Net income	\$ 557,833	\$ 487,794
OTHER COMPREHENSIVE INCOME (LOSS) - Net of tax:		
Defined benefit pension and other plans <sup>(1)</sup>	(3,962)	(2,637)
Foreign currency translation	3,872	(1,889)
Other comprehensive loss	(90)	(4,526)
Comprehensive income	557,743	483,268
Comprehensive income attributable to non-controlling interests	6,420	6,300
Comprehensive income attributable to DTCC	\$ 551,323	\$ 476,968

(1) Amounts are net of benefit for income taxes of \$1,634 and \$1,078 for the years ended December 31, 2025 and 2024, respectively

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**

(In thousands)	Preferred Stock			Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss, Net of Tax		Non- controlling Interests	Total Shareholders' Equity
	Series A	Series B	Series D				Defined Benefit Pension and Other Plans	Foreign Currency Translation		
BALANCE - January 1, 2024	\$ 300	\$ 300	\$ 490,900	\$ 5,091	\$ 411,065	\$ 2,982,973	\$ (166,642)	\$ (13,410)	\$ 150,000	\$ 3,860,577
Net income	—	—	—	—	—	481,494	—	—	6,300	487,794
Other comprehensive loss	—	—	—	—	—	—	(2,637)	(1,889)	—	(4,526)
Dividend to non-controlling interest	—	—	—	—	—	—	—	—	(6,300)	(6,300)
Dividends on preferred stock	—	—	—	—	—	(16,875)	—	—	—	(16,875)
BALANCE - December 31, 2024	300	300	490,900	5,091	411,065	3,447,592	(169,279)	(15,299)	150,000	4,320,670
Net income	—	—	—	—	—	551,413	—	—	6,420	557,833
Other comprehensive income/(loss)	—	—	—	—	—	—	(3,962)	3,872	—	(90)
Dividend to non-controlling interest	—	—	—	—	—	—	—	—	(6,420)	(6,420)
Dividends on preferred stock	—	—	—	—	—	(16,875)	—	—	—	(16,875)
BALANCE - December 31, 2025	\$ 300	\$ 300	\$ 490,900	\$ 5,091	\$ 411,065	\$ 3,982,130	\$ (173,241)	\$ (11,427)	\$ 150,000	\$ 4,855,118

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

**THE DEPOSITORY TRUST & CLEARING CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

<b>(In thousands)</b>	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 557,833	\$ 487,794
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:		
Depreciation and amortization	175,137	179,190
Impairment of goodwill and intangible assets	55,764	3,358
Deferred income taxes	1,246	4,971
Amortization/(Accretion) of discount on Commercial paper, net of associated interest paid	23,764	(44,456)
Lease asset amortization	62,841	22,745
Other	10,126	9,867
Net change in:		
Accounts receivable	(27,391)	(34,307)
Other assets	61,413	(86,824)
Accounts payable and accrued expenses	(17,568)	(72,192)
Pension and postretirement benefits	(2,897)	(25,069)
Operating lease liability	(87,890)	(23,624)
Other liabilities	36,206	26,540
Participants' and Clearing Funds liabilities	(676,878)	(2,762,507)
Payable to Participants	190,259	(4,042,884)
Net cash provided by/(used in) operating activities	361,965	(6,357,398)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of Short-term investments	(4,020,000)	(3,220,000)
Maturities of Short-term investments	4,105,000	2,260,000
Purchases of Premises and equipment	(40,742)	(84,548)
Capitalized software development costs	(144,827)	(114,526)
Purchase of equity investments	(11,077)	—
Proceeds from company owned life insurance policies	1,383	537
Net cash used in investing activities	(110,263)	(1,158,537)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from Commercial paper	43,161,957	48,050,283
Repayments of Commercial paper	(44,044,340)	(47,109,662)
Proceeds from issuance of Long-term debt, net of debt issuance costs	1,738,566	1,240,857
Repayments on Long-term debt	(2,150,000)	(400,000)
Preferred stock dividend payments	(16,875)	(16,875)
Dividend to non-controlling interests	(6,420)	(6,300)
Net cash (used in)/provided by financing activities	(1,317,112)	1,758,303
Effect of foreign exchange rate changes on Cash and cash equivalents	5,005	(2,967)
Net decrease in Cash and cash equivalents, Participants' segregated cash, Participants' and Clearing Funds cash deposits, Cash in Other Participants' assets and Restricted cash	(1,060,405)	(5,760,599)
Cash and cash equivalents, Participants' segregated cash, Participants' and Clearing Funds cash deposits, Cash in Other Participants' assets and Restricted cash - Beginning of year	50,570,670	56,331,269
Cash and cash equivalents, Participants' segregated cash, Participants' and Clearing Funds cash deposits, Cash in Other Participants' assets and Restricted cash - End of year	\$ 49,510,265	\$ 50,570,670
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Interest paid	\$ 538,362	\$ 680,195
Income taxes paid - net of refunds	\$ 144,587	\$ 180,857

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

# THE DEPOSITORY TRUST & CLEARING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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## 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 Digital (US) Inc. (DTCC Digital (US)); 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 for 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 affiliates are authorized to provide certain post-trade matching services by regulatory authorities and are subject to the supervision and examination by local regulator(s) in the jurisdictions they operate.

*Deriv/SERV* provides strategic oversight to DTCC's Repository and Derivatives business lines, including the trade repositories, Trade Information Warehouse offerings. *Deriv/SERV* develops and owns the technology used by DTCC's trade repositories. These DTCC trade repositories provide trade reporting services for derivatives and securities financing transactions and are subject to supervision and examination by local regulator(s) in the jurisdictions they operate. *Deriv/SERV* also performs the asset servicing function of the Trade Information Warehouse, an offering which provides automated operational capabilities for cleared and bilateral credit derivative trade activity.

*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.

*DTCC Digital (US)* is a Delaware corporation, which develops and deploys institutional-grade, compliance-aware tokenization, account management and finance technology based on blockchain and distributed ledger innovations.

# THE DEPOSITORY TRUST & CLEARING CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

**Participants' segregated cash.** Represents cash received from Participants held in segregated, regulatory protected accounts in a good control location for the exclusive benefit of Participants' customers to segregate a portion of cash and securities. Under FICC rules, Participants may deposit customer cash and/or securities in Segregated Indirect Participants accounts to meet Segregated Customer Margin Requirements (see Note 20). These amounts are not available for the Company's general corporate purposes.

**Short-term investments.** Consists of cash invested in bank deposits with original maturities greater than three months and less than one year with various yields carried at amortized cost, which approximates fair value due to their short-term maturities.

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

**Accounts receivable.** Accounts receivable are stated at cost, net of an allowance for credit losses and refunds to Participants. The Company establishes an allowance for estimated losses resulting from uncollectibility. Expected credit losses for newly recognized financial assets and changes to expected credit losses during the period are recognized in General and administrative expenses in the accompanying Consolidated Statements of Income. The Company determines the adequacy of the allowance by estimating the possibility of loss based on a variety of factors, including the length of time receivables are past due, forward looking macroeconomic projections, historical experience and the financial condition of customers and other debtors. The period in which the Company recognizes revenue may differ from the timing of payments received from customers. The Company typically bills its customers up to 30 days in arrears. The Company records a receivable when revenue is recognized prior to payment and there is an unconditional right to payment. See Note 6, Accounts receivable, for Due from Participants and customers for services, net, which is for the Company's receivables related to revenues from contracts with customers.

**Participants' and Clearing Funds.** The rules of DTC, NSCC and FICC require Participants to maintain deposits related to their respective activities based on calculated requirements. The deposits are available to collateralize Participants' obligations and certain liabilities of the Companies. Margin deposits and any additional Participant contributions are maintained within the Participants' and Clearing Funds on the accompanying Consolidated Statements of Financial Condition due to the benefits and risks of ownership incurred by the Company. Deposits and contributions may be in the form of cash, cash equivalents and securities. These deposits and contributions 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.

# THE DEPOSITORY TRUST & CLEARING CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

*Securities - at fair value.* Securities deposited to the Clearing Fund may include U.S. Treasury securities, U.S. agency debt securities and U.S. agency residential mortgage-backed securities, pursuant to the rules.

*Securities held in custody.* Securities held in custody by DTC for Participants, which are predominantly in electronic book form, but also include physical certificates, are not reported in the accompanying consolidated financial statements as the Company does not have the benefits or risks of ownership.

**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 comprised of cash that represent 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. Short positions occasionally exist in securities balances and are credited to the account of the Participants; such short positions are valued and collateralized daily by 130% of the short position reflected in Other Participants' assets on the accompanying Consolidated Statements of Financial Condition. DTC's obligation to return such cash collateral to Participants is also reflected in Payable to Participants.

**Federal reserve stock.** DTC is a member of the FRBNY and, as a member, is required to maintain a minimum level of investment in FRB stock based on the Company's capital. The FRB stock is carried at cost, classified as a restricted security and periodically evaluated for impairment. The Company determined there was no impairment as of December 31, 2025 and 2024. The FRB stock, amounting to \$6,402,000 as of December 31, 2025 and 2024, is included in Other non-current assets on the accompanying Consolidated Statements of Financial Condition. See Note 11, Other Assets.

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

<b>Premises and equipment</b>	<b>Depreciation Period</b>	<b>Depreciation Method</b>
Leasehold improvements	Shorter of useful life or remaining term of the lease	Straight-line
Furniture and equipment	3 - 7 years	Straight-line
Building and improvements	7 - 39 years	Straight-line

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

# THE DEPOSITORY TRUST & CLEARING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Goodwill and Intangible assets

*Goodwill.* The Company records Goodwill upon the completion of a business combination as the difference between the purchase price and the fair value of the net assets acquired. Subsequent to initial recognition, Goodwill is not amortized but is tested for impairment annually or more frequently if events occur or circumstances change that indicate an impairment may exist. The Company has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If after assessing the totality of events or circumstances, the Company determines it is more likely than not that the fair value of a reporting unit is greater than its carrying amount, no further impairment testing is necessary. However, if the Company concludes otherwise, then it is required to perform the quantitative impairment test, whereby a goodwill impairment loss will be measured as the excess of a reporting unit's carrying value over its estimated fair value.

*Intangible assets.* The Company's intangible assets include customer relationships and capitalized software.

*Customer relationships.* The Company records customer relationships that are acquired in business combination at fair value. Any relationship the acquired company has with its customers through contracts, is considered a customer relationship.

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

The following table summarizes how the Company amortizes and when it tests its finite Intangible assets for impairment:

Intangible Asset	Amortization Period	Amortization Method	Impairment Testing Frequency
Customer relationships	12 Years	Straight-line	If a triggering event occurs
Capitalized software	3 - 5 Years	Straight-line	If a triggering event occurs

**Leases.** The Company leases corporate offices and certain equipment primarily through operating leases and finance leases. The Company's leases have remaining lease terms of 1 to 13 years, some of which may include options to extend the lease up to 13 additional years, and some of which may include options to terminate the lease within 1 year.

The Company determines if an arrangement is or contains a lease at contract inception and accounts for lease and non-lease components as a single lease component. Operating leases are included in Operating lease right-of-use (ROU) asset, Current portion of operating lease liability, and Non-current operating lease liability on the Company's Consolidated Statements of Financial Condition. Finance leases are included in Other non-current assets, Other current liabilities and Other non-current liabilities on the Company's Consolidated Statements of Financial Condition.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. The ROU assets are initially measured at the amount equal to the lease liabilities, adjusted for balances of accrued or prepaid rent and unamortized lease incentives provided by lessors. For operating leases, expense is generally recognized on a straight-line basis over the lease term. For finance leases, interest expense on the lease liability is recognized using the effective interest method, which applies a constant rate carrying amount of the liability over its expected life, and amortization of the ROU asset is recognized on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Lease liabilities are recognized based on the present value of the future lease payments over the remaining lease term. The Company uses its incremental borrowing rate, factoring in the lease term, to determine the lease liability.

When determining lease term, the Company considers renewal options that the Company is reasonably certain to exercise and termination options that the Company is reasonably certain not to exercise.

**Equity investments.** All equity investments that represent less than a 20% ownership interest are initially recognized at cost and included in Other non-current assets on the accompanying Consolidated Statements of Financial Condition. Subsequently, these investments are measured at fair value, which represents cost less impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar security. Changes in the fair values of these investments are recorded in Other non-operating income, net in the accompanying Consolidated Statements of Income.

**Commercial paper.** NSCC issues commercial paper with maturities generally less than one year. The proceeds from the issuance of the commercial paper constitute liquid resources of NSCC that, together with other liquid resources of NSCC, are available to enable it to effect the settlement of its payment obligations in the event of the default of any of its Participants pursuant to NSCC's rules. Pending such use by NSCC, the proceeds of the issuance of commercial paper are invested in highly liquid short-term instruments in accordance with NSCC's investment policy.

**Debt issuance costs.** Debt issuance costs consist of costs incurred in obtaining financing and are amortized over the term of the financing using the straight-line method. These costs are generally recorded as a direct deduction from the carrying amount of the related debt liability on the Consolidated Statements of Financial Condition.

**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.

**Non-controlling interests.** Non-controlling interests represent the ownership of DTC Series A 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. Shareholders' equity is adjusted for the income attributable to the non-controlling interest shareholders and any distributions to those shareholders.

**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, the number of reported 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.

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

*Settlement and asset services.* Revenue derived from this revenue stream is 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.

# THE DEPOSITORY TRUST & CLEARING CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Clearing services.* Revenue derived from this revenue stream is in the form of transaction fees that are based on either the volume or value of trading activity. Services include the clearing and settlement of equity, corporate and municipal bond and unit investment trust transactions, and the netting and settlement of mortgage-backed securities clearing and government securities clearing.

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

*Repository and derivatives services (RDS).* 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 is 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, support services, consulting projects and usage fees. Services 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. The Company provides a broad range of other services which include consulting services and bank fees charged back to Participants.

*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.

#### ***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 December 31, 2025 and 2024 was \$6,671,000 and \$5,780,000 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 12. Of the \$5,780,000 as of December 31, 2024, \$4,616,000 was recognized as revenue during the year ended December 31, 2025.

**Non-qualified deferred compensation plan.** DTCC maintains a self-directed, non-qualified deferred compensation plan structured as a "Rabbi Trust" for certain executives and other highly compensated employees. Under the plan participants may elect to defer receipt of a portion of their annual compensation and invest it in various mutual funds. All such investments are held in the Rabbi Trust and the plan requires settlement in cash. The investment assets of the Rabbi Trust are recorded at fair value and included on the accompanying Consolidated Statements of Financial Condition in Other non-current assets as long-term incentive plan assets. The amount of compensation deferred under the plan is credited to each participant's deferral account and a deferred compensation liability is recorded in Other non-current liabilities on the accompanying Consolidated Statements of Financial Condition. The investment assets of the Rabbi Trust are classified as trading securities, and accordingly, changes in their fair values are recorded in Investment income, net in the accompanying Consolidated Statements of Income with a corresponding charge recorded in Employee compensation and related benefits in the accompanying Consolidated Statements of Income. The change in fair value of these investments was gains of \$12,351,000 and \$10,685,000 for the years ended December 31, 2025 and 2024, respectively.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Long-term incentive plan.** DTCC's long-term incentive plan is provided to certain designated employees of DTCC to establish retention incentives for certain employees. The performance period is a three-year period commencing January 1 of each calendar year, unless modified, extended or terminated by the Board of Directors and the Compensation and Human Resources Committee. Only those employees specifically designated by the Compensation Committee are eligible to participate in the plan. The associated liabilities for the plan are classified in Other current liabilities and Other non-current liabilities on the accompanying Consolidated Statements of Financial Condition.

**Retirement plans**

*Defined benefit plans.* DTCC has a qualified non-contributory defined benefit pension plan (the Pension Plan) in the U.S., under which employees hired or rehired before May 1, 2009 were eligible to participate upon attainment of age 21 and completion of six months of service. Effective May 1, 2009, the Pension Plan was closed to new participants. The Pension Plan was frozen effective December 31, 2013 and all plan participants no longer accrue any benefits. The Pension Plan is qualified under Section 401(a) of the Internal Revenue Code (IRC) of 1986, as amended. It is subject to the provisions of ERISA. The Pension Plan provides benefits to eligible retired or vested terminated employees or their beneficiaries. The Pension Benefit Guarantee Corporation, a United States governmental agency, guarantees most vested normal age retirement benefits subject to certain limitations. Pension benefits under the Pension Plan are determined based on an employee's length of service and earnings. DTCC's funding policy requires the Company to make contributions to the Pension Plan that meet or exceed the minimum funding standards under the Employee Retirement Income Security Act of 1974 (ERISA) and the Internal Revenue Code. DTCC also has defined benefit pension plans that are offered in certain non-U.S. locations based on factors such as eligible compensation, age and/or years of service. It is the Company's policy to fund the pension plans in amounts sufficient to meet the requirements under applicable laws.

DTCC provides health care and life insurance benefits to eligible DTCC retired employees and their beneficiaries in the Retiree Medical and Life Insurance Plans. The Retiree Medical Plan was frozen effective January 1, 2002 and is closed to new participants but is still in existence for employees hired prior to this date. In order to be eligible, management employees hired on or before January 1, 2002, upon termination, must meet the Rule of 75 (age plus year of service must equal at least 75) and must be at least the age of 55 at termination. Bargaining unit employees hired on or before January 1, 2002, upon termination, must have at least 20 years of service and be age 55 or older.

DTCC also sponsors a Supplemental Executive Retirement Plan (SERP) and a Restoration Plan that are non-qualified, non-funded defined benefit plans, which provide additional retirement benefits to certain employees. Benefits paid to retirees are based on age at retirement, years of credited service and average compensation. The cost of non-qualified defined benefits is determined using substantially the same actuarial methods and economic assumptions as those used for the qualified pension plan.

The annual measurement date for DTCC's defined benefit plans is December 31. Plan assets are determined based on fair value generally representing observable market prices. The projected benefit obligations are the present values determined by discounting projected benefit distributions using the corresponding spot rates as of the measurement date from yield curves of high-quality corporate bonds available in the marketplace. The net periodic pension expense or income includes service and interest costs determined using the same yield curve spot rates, an expected return on plan assets based on an actuarially derived market-related value and amortization of prior years' actuarial gains and losses and prior service cost (credit). Service costs, interest costs, and all other costs are included in Employee compensation and related benefits, Interest expense, and Other non-operating income, respectively, in the accompanying Consolidated Statements of Income.

Actuarial gains and losses include gains or losses related to changes in the amount of the projected benefit obligations or plan assets resulting from experience different from the assumed rate of return, changes in the discount rate or other assumptions. To the extent an actuarial gain or loss exceeds 10% of the greater of the projected benefit obligation or the market-related value of plan assets, the excess is recognized over the future lifetime of the defined benefit plans.

# THE DEPOSITORY TRUST & CLEARING CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The expected long-term rate of return on plan assets is based on anticipated returns for each applicable asset class. Anticipated returns are weighted for the expected allocation for each asset class and are based on forecasts for prospective returns in the equity and fixed income markets, which should track the long-term historical returns for these markets. The Company also considers the growth outlook for the U.S. and global economies, as well as current and prospective interest rates.

Market-related value of assets is a balance used to calculate the expected return on plan assets. The market-related value of plan assets is either fair value or a calculated value that recognized changes in fair value in a systematic and rational manner over not more than five years. The difference between actual experience and expected returns on plan assets is included as an adjustment in the market-related value over a 4-year period.

*Defined contribution retirement plans.* The Company sponsors two defined contribution plans for U.S. employees, The Depository Trust & Clearing Corporation Employee Savings Plan (Employee Savings Plan) and The Depository Trust & Clearing Corporation Operations Level Employee Savings Plan (Operations Level Savings Plan). The plans are overseen by the Company's Employee Benefit Plans Committee, which is appointed by the Board of Directors of the Company and is composed of designated Company officers. 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.

The Company matches 50% of the first 6% of the employee's contributions up to the IRC compensation limits. Company matching contributions and employee contributions vest immediately.

In addition to the Company matching contributions, the Company offers a supplemental contribution on behalf of the employees in lieu of the contributions to the Pension Plan, which is now frozen. Employees are able to participate in this Pension Contribution Account (PCA) after six months of service. The Company makes contributions equal to a percentage of base and incentive pay based on years of service (ranging from 3%-7% of eligible pay). Company supplemental contributions vest over five years at the rate of 20% for each year of service and vest immediately after five years or upon attaining age 55. These PCA contributions are employer-only contributions.

In addition to the Company matching and PCA contributions, the Company offers a supplemental contribution on behalf of the employees who were hired or rehired on or before May 1, 2001, also in lieu of the contributions to the Pension Plan. The Pension Transition Account (PTA) contribution ranges from 2% to 3% of eligible pay, for employees whose age plus service combination (in whole years) totaled 55 or higher, as of December 31, 2013. The Company supplemental contributions vest over five years at the rate of 20% for each year of service and vest immediately after five years or upon attaining age 55. These PTA contributions are employer-only contributions.

**Income taxes.** The Provision for income taxes is computed using the asset and liability method. The current tax payable is based on taxable income for the year. Taxable income differs from Income before taxes as reported in the accompanying Consolidated Statements of Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company records a deferred income tax (benefit) provision when there are temporary differences between assets and liabilities measured for financial reporting and for income tax return purposes. These temporary differences result in taxable (deferred tax liability) or deductible (deferred tax asset) amounts in future years and are measured using the tax rates and laws that will be in effect when such differences are expected to reverse. Valuation allowances are recognized if, based on the weight of available evidence, it is more likely than not that some portion of the deferred tax asset will not be realized. Deferred tax assets and liabilities are reported net by jurisdiction in non-current assets or liabilities on the accompanying Consolidated Statements of Financial Condition. It is the Company's policy to provide for uncertain tax positions and the related interest and penalties based upon management's assessment of whether a tax benefit is more likely than not to be sustained upon examination by the tax authorities. These provisions, along with the interest and penalties are included in the Other non-current liabilities in the accompanying Consolidated Statements of Financial Condition.

# THE DEPOSITORY TRUST & CLEARING CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Business Employment Incentive Program.** 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. The Company determined the classification of the refundable tax credits to be a form of government grant. The tax credits are recognized as Other non-operating income when the Company has received government confirmation that they have complied with the terms and conditions of BEIP. Total BEIP credit/(charge) included in Other non-operating income, net in the accompanying Consolidated Statements of Income were a charge of \$0 and \$136,000 for the years ended December 31, 2025 and 2024, respectively. The BEIP receivable included in Other current assets on the accompanying Consolidated Statements of Financial Condition was \$5,672,000 as of December 31, 2025 and 2024. See Note 11, Other Assets.

**Foreign currency.** Assets and liabilities denominated in foreign currencies are translated at rates of exchange prevailing on the dates of the accompanying Consolidated Statements of Financial Condition. Revenues and expenses are translated at average rates of exchange during the year. Gains or losses on foreign currency transactions are included in General and administrative in the accompanying Consolidated Statements of Income. Gains or losses on translation of the financial statements of foreign subsidiaries, when the functional currency is other than the U.S. dollar, are included in the accompanying Consolidated Statements of Comprehensive Income.

**Derivatives and hedging.** The Company uses derivatives for hedging purposes to manage its exposure to changes in interest rates and currency exchange rates. The Company does not use derivatives for trading purposes. The Company formally documents all relationships between the hedging instruments and hedged items, as well as the Company's risk-management objectives and strategy for undertaking various hedging transactions. Hedge accounting is applied when a derivative is highly effective at reducing the risk associated with the hedged exposure and the risk management objective and strategy are documented. Hedge documentation identifies the derivative hedging instrument, the asset or liability and type of risk hedged, and how the effectiveness of the derivative is assessed prospectively and retrospectively.

*Fair Value Hedges.* The Company uses interest rate swaps to mitigate the interest rate risk associated with fixed-rate long-term debt obligations by converting a portion of its interest expense exposure from fixed rate to a floating rate to more closely align with interest income received on its cash equivalents. See Note 14, Long-term debt, for the Company's fixed-rate senior notes being hedged through interest rate swaps.

*Net Investment Hedges.* The Company uses forward contracts to mitigate the foreign exchange risk associated with net investments in certain foreign subsidiaries whose functional currencies are not the U.S. dollar. Foreign currency hedging instruments that qualify for hedge accounting, changes in the fair value of the derivatives are recorded in Other comprehensive (loss) income (OCI). If it is determined that a derivative is not highly effective at hedging the designated exposure, the Company discontinues hedge accounting and changes in fair value of the hedging instrument are recorded in earnings. The gain or loss on net investment hedges, net of taxes, recorded in OCI as part of the cumulative translation adjustment, were a gain of \$1,398,000 and loss of \$2,402,000 for the years ended December 31, 2025 and 2024, respectively.

**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 in. 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.

# THE DEPOSITORY TRUST & CLEARING CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 as of December 31, 2025 and 2024 follows (in thousands):

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 16,181,735	\$ 16,804,886
Participants' segregated cash (Note 5)	1,000	3,232
Participants' and Clearing Funds cash deposits (Note 7)	32,338,225	33,015,103
Cash in Other Participants' assets (Note 5)	656,734	464,244
Restricted cash included in Other non-current assets (Note 11)	332,571	283,205
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	<u>\$ 49,510,265</u>	<u>\$ 50,570,670</u>

**Global Economic and Market Conditions.** The global economy continues to navigate a dynamic environment shaped by significant policy changes, evolving trade relationships, and geopolitical challenges, including wars/conflicts in certain regions. Financial markets have reflected these conditions through periods of volatility influenced by monetary policy adjustments, fiscal measures, and structural reforms aimed at restoring confidence and supporting sustainable growth. These factors have the potential to affect the Company's financial performance, including revenue trends, interest rate movements, liquidity and credit conditions, and regulatory developments. At this time, the Company has not experienced any material adverse financial impact from these events or related conditions.

# THE DEPOSITORY TRUST & CLEARING CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

### 3. ACCOUNTING AND REPORTING DEVELOPMENTS

Standard	Description	Impact on the financial statements or other significant matters
<i>Financial Accounting Standards Board Standard Issued, but not yet Adopted</i>		
<p>ASU 2025-03 - Business Combinations (Topic 805) and Consolidation (Topic 810)</p> <p><i>Issued May 2025</i></p>	<ul style="list-style-type: none"> <li>• The amendment applies to all entities that have variable interest entity (VIE) business combinations.</li> <li>• Clarifies the determination of the accounting acquirer by requiring entities to evaluate the same control-based factors used for non-VIE acquisitions, rather than defaulting to the VIE's primary beneficiary as the acquirer.</li> <li>• Requires evaluation and disclosure of relative voting rights, governance, management and consideration transferred, improving comparability and reducing inconsistencies in transactions involving variable interest entities.</li> </ul>	<ul style="list-style-type: none"> <li>• Effective January 1, 2027 for annual reporting periods.</li> <li>• The Company is evaluating the impact on its consolidated financial statements and related disclosures.</li> </ul>
<p>ASU 2025-06 - Intangibles - Goodwill and Other Internal -Use Software (Subtopic 350-40)</p> <p><i>Issued September 2025</i></p>	<ul style="list-style-type: none"> <li>• The amendment applies to all entities accounting for internal-use software and development costs under Subtopic 350-40.</li> <li>• Clarifies the capitalization criteria for software costs, requiring management authorization/commitment and a "probable-to-complete" threshold.</li> <li>• Requires evaluation and disclosure of significant development uncertainty, including unresolved performance requirements or ongoing revisions.</li> </ul>	<ul style="list-style-type: none"> <li>• Effective January 1, 2028 for annual reporting periods, but early adoption is permitted.</li> <li>• The Company is evaluating the timing of adoption and impact on its consolidated financial statements and related disclosures.</li> </ul>
<p>ASU 2025-09 - Derivatives and Hedging (Topic 815) - Hedge Accounting Improvements</p> <p><i>Issued November 2025</i></p>	<ul style="list-style-type: none"> <li>• The amendment applies to all entities that elect to apply hedge accounting under Topic 815.</li> <li>• Provides clarification related to cash flow hedges of groups of forecasted transactions, hedging strategies involving choose-your-rate debt instruments, cash flow hedges of nonfinancial forecasted transactions, net written options as hedging instruments and dual hedging relationships involving foreign-currency-denominated debt.</li> <li>• Requires enhanced documentation of risks, assessment methods on a prospective basis with optional transition accommodations for existing hedges.</li> </ul>	<ul style="list-style-type: none"> <li>• Effective January 1, 2027 for annual reporting periods.</li> <li>• The Company is evaluating the impact on its consolidated financial statements and related disclosures.</li> </ul>

# THE DEPOSITORY TRUST & CLEARING CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

### 3. ACCOUNTING AND REPORTING DEVELOPMENTS (CONTINUED)

#### *Financial Accounting Standards Board Standard Issued, but not yet Adopted (Continued)*

ASU 2025-10 - Government Grants (Topic 832) - Accounting for Government Grants Received by Business Entities  <i>Issued December 2025</i>	<ul style="list-style-type: none"><li>• The amendment applies to all business entities that receive monetary or tangible nonmonetary government grants and establishes comprehensive guidance for the recognition, measurement, presentation and disclosure requirements under Topic 832.</li><li>• Clarifies the timing of when government grants may be recognized and methods to apply for asset-related grants, as well requiring income-related grants to be recognized systematically as related costs are incurred.</li><li>• Requires disclosures including the nature and terms of grants, accounting policies applied, affected financial statement line items and the fair value of any tangible nonmonetary assets received.</li></ul>	<ul style="list-style-type: none"><li>• Effective January 1, 2029 for annual reporting periods.</li><li>• The Company is evaluating the impact on its consolidated financial statements and related disclosures.</li></ul>
ASU 2025-11- Interim Reporting (Topic 270): Narrow-Scope Improvements  <i>Issued December 2025</i>	<ul style="list-style-type: none"><li>• The amendment applies to all entities that provide interim financial statements.</li><li>• Establishes a comprehensive list of required interim disclosures and introduces a disclosure principle requiring the reporting of material events occurring after the most recent annual reporting period.</li></ul>	<ul style="list-style-type: none"><li>• Effective January 1, 2028 for annual reporting periods.</li><li>• The Company is evaluating the impact on its consolidated financial statements and related disclosures.</li></ul>

#### *Recently Adopted Accounting Standards*

ASU 2023-09 - Income Taxes (Topic 740): Improvements to Income Tax Disclosures  <i>Issued December 2023</i>	<ul style="list-style-type: none"><li>• Enhances disclosures related to the rate reconciliation and income taxes paid. The amendment requires consistent categories and greater disaggregation of information in the rate reconciliation and income taxes paid disaggregated by jurisdiction.</li><li>• The amendment requires disclosures of pretax income (or loss) and income tax expense (or benefit) to be consistent with the SEC Regulation S-X 210.4-08(h), Rules of General Application— General Notes to Financial Statements: Income Tax Expense, and eliminates disclosures that no longer are considered cost beneficial or relevant.</li></ul>	<ul style="list-style-type: none"><li>• The Company early adopted the standard, effective for the annual reporting period beginning January 1, 2025.</li><li>• The adoption of the standard did not have a material impact on the Company's consolidated financial statements and related disclosures.</li><li>• The Company applied the guidance on a prospective basis and included the required annual disclosures in the notes to its consolidated financial statements; see Note 17, Income Taxes.</li></ul>
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# THE DEPOSITORY TRUST & CLEARING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

## 4. BUSINESS OFFERING DISPOSITION

In June 2025, the Company agreed to divest the Report Hub business offering for \$1 as part of its strategic plans. The divestiture has resulted in an approximate loss of \$19,299,000 for the year ended December 31, 2025, included in Other non-operating income, in the accompanying Consolidated Statements of Income. The transaction was completed on July 31, 2025.

## 5. PARTICIPANTS' SEGREGATED CASH, OTHER PARTICIPANTS' ASSETS AND PAYABLE TO PARTICIPANTS

Details for Participants' segregated cash, Other Participants' assets and Payable to Participants as of December 31, 2025 and 2024 follow (in thousands):

	<u>2025</u>	<u>2024</u>
Assets:		
Participants' segregated cash	\$ 1,000	\$ 3,232
Other Participants' assets - cash	656,734	464,244
Total	<u>\$ 657,734</u>	<u>\$ 467,476</u>
Liabilities:		
Payable to Participants	<u>\$ 657,734</u>	<u>\$ 467,476</u>

The balance of the Other Participants' assets is subject to fluctuation due to the timing of when the Company receives the cash and stock dividends, interest, reorganization and redemption proceeds, and the subsequent distribution to Participants.

## 6. ACCOUNTS RECEIVABLE

Details for Accounts receivable as of December 31, 2025 and 2024 follow (in thousands):

	<u>2025</u>	<u>2024</u>
Due from Participants and customers for services	\$ 245,758	\$ 211,423
Allowance for credit losses	(106)	(370)
Due from Participants and customers for services, net	245,652	211,053
Other receivables	12,948	19,654
Total	<u>\$ 258,600</u>	<u>\$ 230,707</u>

Details for allowance for credit losses for the years ended December 31, 2025 and 2024 follow (in thousands):

	<u>2025</u>	<u>2024</u>
Beginning balance of allowance for credit losses	\$ 370	\$ 184
Increase in allowance	323	677
Less: Write-offs	(587)	(491)
Ending balance of allowance for credit losses	<u>\$ 106</u>	<u>\$ 370</u>

# THE DEPOSITORY TRUST & CLEARING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

## 7. PARTICIPANTS' AND CLEARING FUNDS

Details for the Participants' and Clearing Funds as of December 31, 2025 and 2024 follow (in thousands):

	2025			
	DTC	NSCC	FICC	Total
Total deposits	\$ 2,254,595	\$ 10,992,764	\$ 99,380,128	\$ 112,627,487
Less: Required deposits	1,166,000	9,620,258	84,367,159	95,153,417
Excess deposits	<u>\$ 1,088,595</u>	<u>\$ 1,372,506</u>	<u>\$ 15,012,969</u>	<u>\$ 17,474,070</u>

  

	2024			
	DTC	NSCC	FICC	Total
Total deposits	\$ 1,981,331	\$ 10,295,246	\$ 91,308,866	\$ 103,585,443
Less: Required deposits	1,133,000	8,884,296	76,617,600	86,634,896
Excess deposits	<u>\$ 848,331</u>	<u>\$ 1,410,950</u>	<u>\$ 14,691,266</u>	<u>\$ 16,950,547</u>

**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 December 31, 2025 and 2024 follow (in thousands):

	2025			
	DTC	NSCC	FICC	Total
Cash <sup>(1)</sup>	\$ 2,254,595	\$ 10,248,948	\$ 19,834,682	\$ 32,338,225
U.S. Treasury Securities	—	743,816	69,451,179	70,194,995
U.S. Agency Residential Mortgage-Backed Securities	—	—	9,169,982	9,169,982
U.S. Agency Issued Debt Securities	—	—	924,285	924,285
Total	<u>\$ 2,254,595</u>	<u>\$ 10,992,764</u>	<u>\$ 99,380,128</u>	<u>\$ 112,627,487</u>

  

	2024			
	DTC	NSCC	FICC	Total
Cash <sup>(1)</sup>	\$ 1,981,331	\$ 9,538,237	\$ 21,495,535	\$ 33,015,103
U.S. Treasury Securities	—	757,009	59,673,551	60,430,560
U.S. Agency Residential Mortgage-Backed Securities	—	—	9,847,260	9,847,260
U.S. Agency Issued Debt Securities	—	—	292,520	292,520
Total	<u>\$ 1,981,331</u>	<u>\$ 10,295,246</u>	<u>\$ 91,308,866</u>	<u>\$ 103,585,443</u>

(1) The Company's cash of the Participants' and Clearing Funds are all bank deposits as of December 31, 2025 and 2024.

# THE DEPOSITORY TRUST & CLEARING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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## 8. PREMISES AND EQUIPMENT

The cost, accumulated depreciation and net book value of Premises and equipment as of December 31, 2025 and 2024 follow (in thousands):

	<u>2025</u>	<u>2024</u>
Furniture and equipment	\$ 255,691	\$ 288,977
Leasehold improvements	226,176	216,615
Buildings and improvements	28,309	22,468
Land	4,221	4,221
Total Premises and equipment	514,397	532,281
Less: Accumulated depreciation	(270,652)	(267,468)
Net book value	<u>\$ 243,745</u>	<u>\$ 264,813</u>

Depreciation expense for premises and equipment for the years ended December 31, 2025 and 2024 was \$60,758,000 and \$62,920,000, respectively, and is included in Depreciation and amortization in the accompanying Consolidated Statements of Income.

The Company disposed of premises and equipment that resulted in the removal of costs of \$58,578,000 and accumulated depreciation of \$57,574,000 for the year ended December 31, 2025. The Company disposed of premises and equipment that resulted in the removal of costs of \$38,617,000 and accumulated depreciation of \$37,567,000 for the year ended December 31, 2024. Total disposals of premises and equipment resulted in a loss of \$1,003,000 and \$1,051,000 for the years ended December 31, 2025 and 2024, respectively, and is included in General and administrative in the accompanying Statements of Income.

## 9. GOODWILL AND INTANGIBLE ASSETS

The gross carrying value, accumulated amortization and net book value of Goodwill and Intangible assets as of December 31, 2025 and 2024 follow (in thousands):

	<u>2025</u>	<u>2024</u>
Goodwill:		
Gross carrying value	<u>\$ 57,699</u>	<u>\$ 81,811</u>
Intangible assets:		
Customer relationships:		
Gross carrying value	231,700	231,700
Accumulated amortization	(231,700)	(217,219)
Net book value	<u>—</u>	<u>14,481</u>
Capitalized software:		
Gross carrying value	708,332	671,251
Accumulated amortization	(447,562)	(423,749)
Net book value	<u>260,770</u>	<u>247,502</u>
Total Intangible assets - net of accumulated amortization	<u>\$ 260,770</u>	<u>\$ 261,983</u>

*Goodwill impairment testing.* DTCC completed a qualitative assessment to test the goodwill for annual impairment in the fourth quarter of 2025 and 2024 and determined it was more likely than not that the fair value of each reporting unit at that time exceeded their carrying value and therefore goodwill had no further impairments for the years ended December 31, 2025 and 2024, other than as disclosed below.

# THE DEPOSITORY TRUST & CLEARING CORPORATION

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## 9. GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

In September 2025, the reassessment of goodwill associated with the prior acquisition of Securrency Inc., a digital asset technology company operating under DTCC Digital (US) Inc was triggered, due to a change in strategy triggering a quantitative evaluation for impairment. The evaluation applied the Income Approach using a discounted cash flow model to estimate fair value. Based on this analysis, the carrying amount of goodwill \$24,112,000 was determined to be not recoverable, as it exceeded the estimated fair value of the reporting unit. Consequently, impairment charges were recognized for goodwill.

The Company recognized impairment charges of \$24,112,000 and \$0 related to the goodwill for the years ended December 31, 2025 and 2024, respectively. The impairment charges are included in Impairment of goodwill and intangible assets in the accompanying Consolidated Statements of Income.

*Intangible assets.* Amortization expense for intangible assets for the years ended December 31, 2025 and 2024 was \$114,379,000 and \$116,270,000, respectively, and is included in Depreciation and amortization in the accompanying Consolidated Statements of Income.

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

2026	\$	93,484
2027		84,896
2028		57,558
2029		24,832
2030		—
Thereafter		—
Total future estimated amortization	<u>\$</u>	<u>260,770</u>

During the years ended December 31, 2025 and 2024, disposals of fully amortized capitalized software resulted in the removal of cost and accumulated amortization of \$64,068,000 and \$18,235,000, respectively.

The Company recognized impairment charges of \$31,652,000 and \$3,358,000 related to capitalized software for the years ended December 31, 2025 and 2024, respectively. The impairment charges are included in Impairment of goodwill and intangible assets in the accompanying Consolidated Statements of Income.

During the year ended December 31, 2025, the Company recognized the following impairments of internally developed software and purchased software related to these projects:

The capitalized software relating to the acquisition of Securrency Inc., a digital asset technology company operating under DTCC Digital (US) Inc. experienced a change in strategy triggering an evaluation for impairment. The evaluation concluded that the \$22,688,000 carrying value of its internally developed software was not recoverable and exceeded its fair value.

Several RDS modernization projects experienced a shift in strategy, which prompted a routine evaluation for potential impairment. This review identified partial impairments across the affected projects and concluded that the \$7,969,000 carrying value of its internally developed software was not recoverable and exceeded its fair value.

The FICC data feed modernization project, which experienced a change in strategy reprioritization of efforts triggering an evaluation for impairment. The evaluation concluded that the \$995,000 carrying value of its internally developed software was not recoverable and exceeded its fair value.

# THE DEPOSITORY TRUST & CLEARING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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## 9. GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

During the year ended December 31, 2024, the Company recognized the following impairments of internally developed software and purchased software related to these projects:

The Service Central Rewrite project, which experienced a change in strategy triggering an evaluation for impairment. The evaluation concluded that the \$3,088,000 carrying value of its internally developed software was not recoverable and exceeded its fair value.

The MBSD message pairing project, which experienced a change in strategy reprioritization of efforts triggering an evaluation for impairment. The evaluation concluded that the \$270,000 carrying value of its internally developed software was not recoverable and exceeded its fair value.

## 10. LEASES

Details for leased lease assets and lease liabilities as of December 31, 2025 and 2024 follow (in thousands):

	Operating Leases		Finance Leases		Total	
	2025	2024	2025	2024	2025	2024
<b>Assets</b>						
Operating lease right-of-use-asset	\$ 121,546	\$ 142,374	\$ —	\$ —	\$ 121,546	\$ 142,374
Other non-current assets	—	—	27,223	25,613	27,223	25,613
<b>Total leased assets</b>	<b>\$ 121,546</b>	<b>\$ 142,374</b>	<b>\$ 27,223</b>	<b>\$ 25,613</b>	<b>\$ 148,769</b>	<b>\$ 167,987</b>
<b>Liabilities</b>						
Current portion of operating lease liability	\$ 19,344	\$ 27,138	\$ —	\$ —	\$ 19,344	\$ 27,138
Other current liabilities	—	—	28,095	9,618	28,095	9,618
Non-current operating lease liability	126,102	164,359	—	—	126,102	164,359
Other non-current liabilities	—	—	2,802	19,040	2,802	19,040
<b>Total operating lease liabilities</b>	<b>\$ 145,446</b>	<b>\$ 191,497</b>	<b>\$ 30,897</b>	<b>\$ 28,658</b>	<b>\$ 176,343</b>	<b>\$ 220,155</b>

Details for the maturity of lease liabilities as of December 31, 2025 for each of the next five years and thereafter follow (in thousands):

	Operating Leases	Finance Leases	Total
2026	\$ 24,573	\$ 16,931	\$ 41,504
2027	22,572	15,232	37,804
2028	23,067	—	23,067
2029	23,180	—	23,180
2030	21,700	—	21,700
Thereafter	54,217	—	54,217
<b>Total lease payments</b>	<b>169,309</b>	<b>32,163</b>	<b>201,472</b>
Less: Imputed interest	(23,863)	(1,266)	(25,129)
<b>Present value of lease liability</b>	<b>\$ 145,446</b>	<b>\$ 30,897</b>	<b>\$ 176,343</b>

# THE DEPOSITORY TRUST & CLEARING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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## 10. LEASES (CONTINUED)

Details for lease expense for the years ended December 31, 2025 and 2024 follow (in thousands):

	<b>Operating Leases 2025</b>	<b>Finance Leases 2025</b>	<b>Total 2025</b>	<b>Operating Leases 2024</b>	<b>Finance Leases 2024</b>	<b>Total 2024</b>
Occupancy	\$ 69,150	\$ —	\$ 69,150	\$ 30,898	\$ —	\$ 30,898
Information technology	—	11,685	11,685	—	4,054	4,054
Total lease expense	69,150	11,685	80,835	30,898	4,054	34,952
Sublease income <sup>(1)</sup>	(13,768)	—	(13,768)	(5,207)	—	(5,207)
Net lease expense	<u>\$ 55,382</u>	<u>\$ 11,685</u>	<u>\$ 67,067</u>	<u>\$ 25,691</u>	<u>\$ 4,054</u>	<u>\$ 29,745</u>

(1) Included in Occupancy and Other non-operating income, net in the accompanying Consolidated Statements of Income.

In April 2025, the Company entered into an agreement with a subtenant to terminate an existing sublease early effective September 30, 2025. The Company recognized sublease income of \$11,669,000 as a result of the early termination. In May 2025, the Company entered into an agreement with the landlord to terminate the head lease of the office space early, also effective September 30, 2025. The Company recognized accelerated amortization of ROU assets and other lease exit costs of \$42,762,000 as a result of the termination of the head lease agreement. The sublease income and accelerated amortization were included in Occupancy in the accompanying Consolidated Statements of Income for the year ended December 31, 2025.

Details for supplemental cash flow information related to operating lease liabilities for the years ended December 31, 2025 and 2024 follow (in thousands):

	<b>2025</b>	<b>2024</b>
Operating lease payments included in the measurement of lease liabilities	\$ (93,581)	\$ (31,181)
Accretion of operating lease liabilities	5,691	7,557
Net decrease in Operating lease liability <sup>(1)</sup>	<u>\$ (87,890)</u>	<u>\$ (23,624)</u>

(1) Included in operating activities in the Consolidated Statements of Cash Flows

Details of the weighted average remaining lease term and weighted average discount rate used to determine the lease liability as of December 31, 2025 and 2024 follow:

	<b>Operating Leases</b>		<b>Finance Leases</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Weighted average remaining lease term (years)	7.5	7.3	2.0	3.0
Weighted average discount rate	4.06 %	4.24 %	4.61 %	4.66 %

Lease right-of-use assets obtained in exchange for operating lease obligations were \$41,073,000 and \$10,450,000 for the years ended December 31, 2025 and 2024, respectively.

**THE DEPOSITORY TRUST & CLEARING CORPORATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**11. OTHER ASSETS**

Details for Other assets as of December 31, 2025 and 2024 follow (in thousands):

	<b>2025</b>	<b>2024</b>
Prepaid expenses	\$ 186,742	\$ 201,143
Interest receivable	44,655	47,894
Prepaid taxes	25,453	64,422
Business employment incentive program	5,672	5,672
Other current assets	2,126	1,076
Total other current assets	<u>264,648</u>	<u>320,207</u>
Restricted cash	332,571	283,205
Long-term incentive plan assets	114,933	108,982
Cash surrender value on insurance policies	74,522	70,064
Deferred tax assets	52,886	52,779
Pension and postretirement	45,557	39,688
Prepaid expenses	33,031	59,021
Finance lease assets	27,223	25,613
Interest rate swaps <sup>(1)</sup>	26,933	—
Equity investments	20,212	7,278
Investment in Federal reserve stock	6,402	6,402
Other non-current assets	2,679	2,896
Total other non-current assets	<u>736,949</u>	<u>655,928</u>
Total	<u>\$ 1,001,597</u>	<u>\$ 976,135</u>

(1) The interest rate swaps may change from an asset to liability position.

# THE DEPOSITORY TRUST & CLEARING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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## 12. OTHER LIABILITIES

Details for Other liabilities as of December 31, 2025 and 2024 follow (in thousands):

	<u>2025</u>	<u>2024</u>
Compensation payable	\$ 200,969	\$ 189,106
Accrued payroll and payroll withholdings	59,471	42,937
Long-term incentive plan liabilities	40,423	43,131
Current finance lease liabilities	28,095	9,618
Payroll taxes payable	16,065	23,336
Deferred revenue	6,407	5,350
Deferred sublease income	17	2,739
Other current liabilities	92	832
Total other current liabilities	<u>351,539</u>	<u>317,049</u>
Long-term incentive plan liabilities	209,006	197,048
Unrecognized tax benefits	40,071	34,636
Asset retirement obligations <sup>(1)</sup>	3,330	2,549
Non-current finance lease liabilities	2,802	19,040
Deferred tax liabilities	2,392	1,077
Deferred revenue	264	430
Interest rate swaps <sup>(2)</sup>	—	19,357
Total other non-current liabilities	<u>257,865</u>	<u>274,137</u>
Total	<u>\$ 609,404</u>	<u>\$ 591,186</u>

(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 is accreted to the estimated undiscounted obligations that will be paid to restore the leased sites to the original condition and such accretion is recognized as expense.

(2) The interest rate swaps may change from a liability to an asset position.

## 13. COMMERCIAL PAPER

Details for Commercial paper as of December 31, 2025 and 2024 follow (in thousands except percentages):

	<u>2025</u>	<u>2024</u>
Commercial paper - net of unamortized discount of \$34,445 and \$25,830 as of December 31, 2025 and 2024, respectively	\$ 9,114,409	\$ 9,973,028
Weighted-average interest rate	3.98 %	4.59 %

Interest expense on Commercial paper, included in Interest expense in the accompanying Consolidated Statements of Income, was \$358,968,000 and \$455,231,000 for the years ended December 31, 2025 and 2024, respectively.

# THE DEPOSITORY TRUST & CLEARING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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## 14. LONG-TERM DEBT

Details for Long-term debt as of December 31, 2025 and 2024 follow (in thousands):

	<u>2025</u>	<u>2024</u>
Senior notes <sup>(1)</sup>	\$ 4,208,120	\$ 4,563,008
Less: Current portion of long-term debt	<u>(624,130)</u>	<u>(2,147,603)</u>
Non-current portion of long-term debt	<u>\$ 3,583,990</u>	<u>\$ 2,415,405</u>

(1) The balances include (i) unamortized discount, (ii) unamortized debt issuance costs and (iii) the impact of the fair value hedge accounting on certain fixed-rate notes that have been swapped to floating rate through the use of interest rate swaps.

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

2026	\$ 625,000
2027	1,750,000
2028	600,000
2029	625,000
2030	600,000
Thereafter	—
Total	<u>\$ 4,200,000</u>

**Senior notes.** 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 December 31, 2025 follow (in thousands except percentages):

<u>Issue Date</u>	<u>Maturity</u>	<u>Payable</u>	<u>Rate</u>	<u>Principal Balance</u>	<u>Carrying Value</u>
November 21, 2022	November 21, 2027	Semi-annually	5.10%	\$ 600,000	\$ 602,412
May 30, 2023	May 30, 2028	Semi-annually	5.00%	600,000	599,186
June 26, 2024	June 26, 2026	Semi-annually	5.15%	625,000	624,130
June 26, 2024	June 26, 2029	Semi-annually	4.90%	625,000	633,851
May 20, 2025	May 20, 2027	Quarterly	Compounded SOFR plus 0.57%	400,000	398,532
May 20, 2025	May 20, 2027	Semi-annually	4.35%	750,000	746,946
May 20, 2025	May 20, 2030	Semi-annually	4.70%	600,000	603,063
				<u>\$ 4,200,000</u>	<u>\$ 4,208,120</u>

Details for the senior notes interest expense and amortization of discount and issuance costs for the years ended December 31, 2025 and 2024, and weighted-average interest rate, and total unamortized debt issuance costs and discount as of December 31, 2025 and 2024 follow (in thousands):

	<u>2025</u>	<u>2024</u>
Total interest expense and amortization of discount and issuance costs	\$ 201,457	\$ 161,483
Weighted-average interest rate	4.82 %	3.58 %
Total unamortized debt issuance costs and discount	\$ 18,813	\$ 17,635

# THE DEPOSITORY TRUST & CLEARING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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## 14. LONG-TERM DEBT (CONTINUED)

*Fair value hedge.* The Company uses interest rate swaps to hedge the fair value of related fixed-rate senior notes. The Company designated the interest rate swaps as a fair value hedge of the related long-term debt and applied the short-cut method for hedge accounting purposes. The fair value of interest rate swaps is included in other assets or other liabilities in the accompanying Consolidated Statements of Financial Condition.

Details of the outstanding fair value hedges as of December 31, 2025 and 2024 follow (in thousands except percentages):

Date Entered	Notional of Swap	Debt Amount Hedged	Fixed Rate Receivable	Floating Rate Payable	Fair Value in Other Assets / (Other Liabilities)	
					2025	2024
November 21, 2022	\$ 600,000	\$ 600,000	5.10 %	USD-Federal Funds-OIS Compound plus 1.365%	\$ 4,174	\$ (6,509)
May 30, 2023	\$ 600,000	\$ 600,000	5.00 %	USD-Federal Funds-OIS Compound plus 1.4621%	2,638	(10,867)
June 26, 2024	\$ 625,000	\$ 625,000	4.90 %	USD-Federal Funds-OIS Compound plus 0.9138%	12,747	(1,981)
May 20, 2025	\$ 600,000	\$ 600,000	4.70 %	USD-Federal Funds-OIS Compound plus 0.99143%	7,374	—
					<u>\$ 26,933</u>	<u>\$ (19,357)</u>

Interest rate swaps may expose the Company to credit-related losses in the event of nonperformance by its counterparty. Credit risk is monitored on an ongoing basis. See Note 21, Off Balance Sheet and Concentrations of Credit Risks, for the Company's concentration of credit risk related to interest rate swaps.

**Lines of credit.** DTCC maintains a committed line of credit for general funding purposes, while its subsidiaries DTC and NSCC maintain committed lines of credit, pursuant to its respective rules, to support settlement of its payment obligations in the event any of its Participants default, and FICC to provide liquidity for daily clearance and settlement activities.

# THE DEPOSITORY TRUST & CLEARING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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## 14. LONG-TERM DEBT (CONTINUED)

Details for the terms of the outstanding lines of credit as of December 31, 2025 and 2024 follow:

	2025	2024
<b>DTCC</b>		
<b>Committed Amount</b>	\$500 million	\$500 million
<b>Denomination</b>	USD	USD
<b>Number of Participants/Lenders</b>	13/14	13/13
<b>Borrowing Rate</b>	Base Rate plus 0.125%, or Adjusted Term Secured Overnight Financing Rate (SOFR) or Adjusted Daily SOFR plus 1.125%	Base Rate plus 0.125%, or Adjusted Term Secured Overnight Financing Rate (SOFR) or Adjusted Daily SOFR plus 1.125%
<b>Maturity Date</b>	January 2030	January 2025
<b>Annual Facility Fee</b>	0.15% <sup>(1)</sup>	0.15% <sup>(1)</sup>
<b>DTC</b>		
<b>Committed Amount</b>	\$1.9 billion	\$1.9 billion
<b>Denomination</b>	USD	USD
<b>Number of Participants/Lenders</b>	25/34	26/34
<b>Borrowing Rate</b>	The greatest of the FRBNY rate, Daily SOFR, or zero on the day of borrowing, plus 1.40%	The greatest of the FRBNY rate, Adjusted Daily SOFR, or zero on the day of borrowing, plus 1.40%
<b>Maturity Date</b>	July 2026	July 2025
<b>Annual Facility Fee</b>	0.10% <sup>(1)</sup>	0.10% <sup>(1)</sup>
<b>NSCC</b>		
<b>Committed Amount</b>	\$9.6 billion	\$9.6 billion
<b>Denomination</b>	USD	USD
<b>Number of Participants/Lenders</b>	22/34	22/34
<b>Borrowing Rate</b>	The greatest of the FRBNY rate, Daily SOFR, or zero on the day of borrowing plus 1.40%	The greatest of the FRBNY rate, Adjusted Daily SOFR, or zero on the day of borrowing, plus 1.40%
<b>Maturity Date</b>	July 2026	July 2025
<b>Annual Facility Fee</b>	0.10% <sup>(1)</sup>	0.10% <sup>(1)</sup>
<b>FICC</b>		
<b>Committed Amount</b>	\$200 million	\$200 million
<b>Denomination</b>	USD	USD
<b>Number of Participants/Lenders</b>	1/1	1/1
<b>Borrowing Rate</b>	Federal Funds Rate plus 1.40%	Federal Funds Rate plus 1.40%
<b>Maturity Date</b>	May 2026	May 2025
<b>Annual Facility Fee</b>	0.25% <sup>(1)</sup>	0.25% <sup>(1)</sup>

(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.

As of December 31, 2025 and 2024, there were no borrowings outstanding under the lines of credit.

# THE DEPOSITORY TRUST & CLEARING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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## 14. LONG-TERM DEBT (CONTINUED)

Details for debt covenants related to the lines of credit as of December 31, 2025 and 2024 follow:

	2025	2024
<b><u>DTCC</u></b>		
<b>Minimum Net Worth</b>	\$1.65 billion	\$1.65 billion
<b>Maximum Priority Debt</b>	\$250 million	\$200 million
<b><u>DTC</u></b>		
<b>Minimum Net Worth</b>	\$200 million	\$200 million
<b>Minimum Participants' Fund deposits</b>	\$750 million	\$750 million
<b><u>NSCC</u></b>		
<b>Minimum Net Worth</b>	\$200 million	\$200 million
<b>Minimum Clearing Fund deposits</b>	\$1.5 billion	\$1.5 billion
<b><u>FICC</u></b>		
<b>Minimum Capital Requirements<sup>(2)</sup></b>	\$344 million	\$318 million

(2) See Note 19

As of December 31, 2025 and 2024, 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 December 31, 2025 follow:

	Moody's <sup>(1)</sup>			S&P		
	Long-term	Short-term	Outlook	Long-term	Short-term	Outlook
<b>DTCC</b>	A1	N/A	Stable	AA-	A-1+	Stable
<b>DTC</b>	Aa1	P-1	Stable	AA+	A-1+	Stable
<b>FICC</b>	Aa1	P-1	Stable	AA	A-1+	Stable
<b>NSCC</b>	Aa1	P-1	Stable	AA+	A-1+	Negative

(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.

# THE DEPOSITORY TRUST & CLEARING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

## 15. FAIR VALUE MEASUREMENTS

### *Valuation hierarchy*

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

- Level 1 — Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets as of the valuation date.
- Level 2 — Inputs to the valuation methodology are quoted market prices for similar assets and liabilities in active markets; quoted market prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 — Inputs to the valuation methodology are unobservable and reflect the Company's own assumptions about the estimates market participants would use pricing the asset or liability based on the best information available in the circumstances (e.g., internally derived assumptions surrounding timing and amount of expected cash flows).

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

**Financial assets and liabilities measured at fair value on a recurring basis.** For financial assets and liabilities measured at fair value on a recurring basis, the Company applies the following valuation techniques to measure fair value:

<b>Product/ Instrument</b>	<b>Valuation Methodology</b>	<b>Classification in the valuation hierarchy</b>
<b><u>Assets - Participants' and Clearing Funds - Securities on deposit</u></b>		
U.S. Treasury Securities	Quoted market price of identical assets obtained from pricing services engaged by the Company.	Level 1
U. S. Agency Issued Debt Securities		
U. S. Agency Issued Debt Securities	Quoted market price of recent trades of similar securities obtained from pricing services engaged by the Company.	Level 2
U.S. Agency Residential Mortgage-Backed Securities		

**THE DEPOSITORY TRUST & CLEARING CORPORATION**

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**15. FAIR VALUE MEASUREMENTS (CONTINUED)**

<b>Product/ Instrument</b>	<b>Valuation Methodology</b>	<b>Classification in the valuation hierarchy</b>
<b><u>Assets - Other assets</u></b>		
Interest rate swaps	The fair value derived from discounted future cash flows using contractual terms like notional amount, coupon rates and observable market inputs and estimates.	Level 2
<b><u>Assets - Other non-current assets</u></b>		
Long-term incentive plan assets - Mutual fund and Stable value fund investments	Quoted market price of identical assets obtained from pricing services engaged by the Company.	Level 1
	Quoted market price of recent trades of similar securities obtained from pricing services engaged by the Company.	Level 2
<b><u>Liabilities - Participants' and Clearing Funds - Securities liabilities</u></b>		
Participants' and Clearing Funds liabilities	Derived from the corresponding Participants' and Clearing Funds assets (see above).	Level 1 and Level 2
<b><u>Liabilities - Other liabilities</u></b>		
Interest rate swaps	The fair value derived from discounted future cash flows using contractual terms like notional amount, coupon rates and observable market inputs and estimates.	Level 2

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## 15. FAIR VALUE MEASUREMENTS (CONTINUED)

Fair value measurements of those items measured on a recurring basis as of December 31, 2025 and 2024 follow (in thousands):

	<b>2025</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Assets:				
Clearing Funds				
U.S. Treasury Securities	\$ 70,194,995	\$ 70,194,995	\$ —	\$ —
U.S. Agency Issued Debt Securities	924,285	924,285	—	—
U.S. Agency Residential Mortgage-Backed Securities	9,169,982	—	9,169,982	—
Other non-current assets				
Long-term incentive plan assets - Mutual fund and Stable value fund investments	114,933	105,618	9,315	—
Interest rate swaps	26,933	—	26,933	—
<b>Total assets</b>	<b>\$ 80,431,128</b>	<b>\$ 71,224,898</b>	<b>\$ 9,206,230</b>	<b>\$ —</b>
Liabilities:				
Clearing Funds				
Securities liabilities	\$ 80,289,262	\$ 71,119,280	\$ 9,169,982	\$ —
<b>Total liabilities</b>	<b>\$ 80,289,262</b>	<b>\$ 71,119,280</b>	<b>\$ 9,169,982</b>	<b>\$ —</b>
<b>2024</b>				
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Assets:				
Clearing Funds				
U.S. Treasury Securities	\$ 60,430,560	\$ 60,430,560	\$ —	\$ —
U.S. Agency Issued Debt Securities	292,520	51,403	241,117	—
U.S. Agency Residential Mortgage-Backed Securities	9,847,260	—	9,847,260	—
Other non-current assets				
Long-term incentive plan assets - Mutual fund and Stable value fund investments	108,982	97,692	11,290	—
<b>Total assets</b>	<b>\$ 70,679,322</b>	<b>\$ 60,579,655</b>	<b>\$ 10,099,667</b>	<b>\$ —</b>
Liabilities:				
Clearing Funds				
Securities liabilities	\$ 70,570,340	\$ 60,481,963	\$ 10,088,377	\$ —
Other non-current liabilities				
Interest rate swaps	19,357	—	19,357	—
<b>Total liabilities</b>	<b>\$ 70,589,697</b>	<b>\$ 60,481,963</b>	<b>\$ 10,107,734</b>	<b>\$ —</b>

# THE DEPOSITORY TRUST & CLEARING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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## 15. 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. These instruments include Cash and cash equivalents, Participants' segregated cash, Short-term investments, Participants' and Clearing Funds - Cash deposits - Bank deposits (and corresponding liabilities), Other Participants' assets, Other non-current assets - Restricted cash, Commercial paper, Payable to Participants, and Long-term debt.

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 December 31, 2025 follow (in thousands):

	Carrying Amount	Total Fair Value	2025		
			Level 1	Level 2	Level 3
Assets:					
Cash and cash equivalents	\$ 16,181,735	\$ 16,181,735	\$ 16,181,735	\$ —	\$ —
Participants' segregated cash	1,000	1,000	1,000	—	—
Short-term investments	1,125,000	1,125,000	—	1,125,000	—
Participants' and Clearing Funds:					
Cash deposits - Bank deposits	32,338,225	32,338,225	32,338,225	—	—
Other Participants' assets	656,734	656,734	656,734	—	—
Other non-current assets:					
Restricted cash	332,571	332,571	332,571	—	—
Total	<u>\$ 50,635,265</u>	<u>\$ 50,635,265</u>	<u>\$ 49,510,265</u>	<u>\$ 1,125,000</u>	<u>\$ —</u>
Liabilities:					
Commercial paper	\$ 9,114,409	\$ 9,114,409	\$ —	\$ 9,114,409	\$ —
Participants' and Clearing Funds:					
Cash deposits - Bank deposits	32,338,225	32,338,225	32,338,225	—	—
Payable to Participants	657,734	657,734	657,734	—	—
Long-term debt	4,181,187	4,258,979	—	4,258,979	—
Total	<u>\$ 46,291,555</u>	<u>\$ 46,369,347</u>	<u>\$ 32,995,959</u>	<u>\$ 13,373,388</u>	<u>\$ —</u>

# THE DEPOSITORY TRUST & CLEARING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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## 15. FAIR VALUE MEASUREMENTS (CONTINUED)

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 December 31, 2024 follow (in thousands):

	Carrying Amount	Total Fair Value	2024		
			Level 1	Level 2	Level 3
Assets:					
Cash and cash equivalents	\$ 16,804,886	\$ 16,804,886	\$ 16,804,886	\$ —	\$ —
Participants' segregated cash	3,232	3,232	3,232	—	—
Short-term investments	1,210,000	1,210,000	—	1,210,000	—
Participants' and Clearing Funds:					
Cash deposits - Bank deposits	33,015,103	33,015,103	33,015,103	—	—
Other Participants' assets	464,244	464,244	464,244	—	—
Other non-current assets:					
Restricted cash	283,205	283,205	283,205	—	—
Total	<u>\$51,780,670</u>	<u>\$51,780,670</u>	<u>\$50,570,670</u>	<u>\$ 1,210,000</u>	<u>\$ —</u>
Liabilities:					
Commercial paper	\$ 9,973,028	\$ 9,973,028	\$ —	\$ 9,973,028	\$ —
Participants' and Clearing Funds:					
Cash deposits - Bank deposits	33,015,103	33,015,103	33,015,103	—	—
Payable to Participants	467,476	467,476	467,476	—	—
Long-term debt	4,582,365	4,571,645	—	4,571,645	—
Total	<u>\$48,037,972</u>	<u>\$48,027,252</u>	<u>\$33,482,579</u>	<u>\$14,544,673</u>	<u>\$ —</u>

**Assets measured at fair value on a non-recurring basis.** Certain financial 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. On June 15, 2025, the Company made an additional cash investment related to an equity investment, Digital Asset Holdings, LLC, of \$4,999,987. On September 10, 2025, the Company made an additional cash investment related to an equity investment, Fnality International Limited, of \$6,077,382. The carrying amounts of the investments were \$20,212,000 and \$7,278,000 as of December 31, 2025 and 2024, respectively, and are included in the Other non-current assets on the accompanying Consolidated Statements of Financial Condition. See Note 11, Other Assets.

# THE DEPOSITORY TRUST & CLEARING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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## 16. RETIREMENT PLANS

### U.S. defined benefit pension and other postretirement benefit plans.

*Benefit obligations.* The reconciliation of the beginning and ending balances of the projected benefit obligations for defined benefit plans follow (in thousands):

	Pension Benefits		Other Benefits	
	2025	2024	2025	2024
Benefit obligations, beginning of year:	\$ 741,958	\$ 806,148	\$ 37,648	\$ 41,201
Service cost	1,211	1,074	172	211
Interest cost	38,113	39,101	1,877	1,954
Gross benefits paid	(63,340)	(74,968)	(2,612)	(2,995)
Expenses paid	(1,498)	(1,387)	—	—
Actuarial loss (gain)	14,914	(28,010)	(367)	(2,723)
Total benefit obligations at end of year	<u>\$ 731,358</u>	<u>\$ 741,958</u>	<u>\$ 36,718</u>	<u>\$ 37,648</u>
Total accumulated benefit obligations at end of year	<u>\$ 730,591</u>	<u>\$ 741,625</u>	<u>N/A</u>	<u>N/A</u>

The Accumulated Benefit Obligations are defined as the actuarial present value of Pension benefits attributed to employee services rendered before December 31, 2025 and 2024, and based on employee service and compensation prior to the measurement date.

*Funded status.* The funded status of the plans, as of December 31, 2025 and 2024, follow (in thousands):

	Pension Benefits				Other Benefits	
	Pension Plan		Other Supplemental Pension Plans		Medical & Life Plans	
	2025	2024	2025	2024	2025	2024
Benefit obligations at end of year:						
Qualified plan	\$ 672,055	\$ 683,188	\$ —	\$ —	\$ —	\$ —
Other plans	—	—	59,303	58,769	36,718	37,648
Total benefit obligations at end of year	<u>672,055</u>	<u>683,188</u>	<u>59,303</u>	<u>58,769</u>	<u>36,718</u>	<u>37,648</u>
Total fair value of plan assets at end of year	<u>716,569</u>	<u>722,278</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Funded (unfunded) status	<u>\$ 44,514</u>	<u>\$ 39,090</u>	<u>\$ (59,303)</u>	<u>\$ (58,769)</u>	<u>\$ (36,718)</u>	<u>\$ (37,648)</u>

Amounts recognized in the Consolidated Statements of Financial Condition consist of:

Non-current assets	\$ 44,514	\$ 39,090	\$ —	\$ —	\$ —	\$ —
Current liability	—	—	(4,866)	(6,259)	(3,411)	(3,492)
Non-current liability	—	—	(54,437)	(52,510)	(33,307)	(34,156)
Amount recognized, end of year	<u>\$ 44,514</u>	<u>\$ 39,090</u>	<u>\$ (59,303)</u>	<u>\$ (58,769)</u>	<u>\$ (36,718)</u>	<u>\$ (37,648)</u>

# THE DEPOSITORY TRUST & CLEARING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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## 16. RETIREMENT PLANS (CONTINUED)

*Plan assets.* The summary and reconciliation of the beginning and ending balances of the fair value of the plans' assets follow (in thousands):

	Pension Benefits		Other Benefits	
	2025	2024	2025	2024
Fair value of plan assets, beginning of year	\$ 722,278	\$ 766,720	\$ —	\$ —
Actual return on plan assets	53,483	10,260	—	—
Employer contribution	5,646	21,653	2,612	2,995
Gross benefits paid	(63,340)	(74,968)	(2,612)	(2,995)
Expenses paid	(1,498)	(1,387)	—	—
Fair value of plan assets, end of year	<u>\$ 716,569</u>	<u>\$ 722,278</u>	<u>\$ —</u>	<u>\$ —</u>

Details of the classification of plan assets in accordance with the three-tier fair valuation hierarchy and current asset allocations as of December 31, 2025 and 2024, follow (in thousands, except percentages):

	Target Allocation 2025	Percentage of Plan Assets, December 31, 2025	Total	Quoted Prices in Active Markets for Identical Assets (Level 1) <sup>(1)</sup>	Quoted Prices in Active Markets for Similar Assets (Level 2) <sup>(1)</sup>
Pension assets as of December 31, 2025:					
Short-term investment fund	0.50 %	1.00 %	\$ 7,186	\$ —	\$ 7,186
Equity Portfolio:					
Domestic large cap growth			13,432	—	13,432
Domestic large cap value			13,933	—	13,933
Domestic large cap core			26,692	—	26,692
Domestic small core			5,222	2,643	2,579
International core			8,464	8,464	—
International emerging markets			2,818	2,818	—
Total equity securities	9.50 %	9.85 %	<u>70,561</u>	<u>13,925</u>	<u>56,636</u>
Fixed income portfolio:					
Domestic liability driven investment <sup>(2)</sup>	88.00 %	88.10 %	<u>631,273</u>	<u>—</u>	<u>631,273</u>
Guaranteed insurance contracts:					
Group annuity contract <sup>(3)</sup>	2.00 %	1.05 %	<u>7,549</u>	<u>—</u>	<u>—</u>
Total pension assets as of December 31, 2025			<u>\$ 716,569</u>	<u>\$ 13,925</u>	<u>\$ 695,095</u>

**THE DEPOSITORY TRUST & CLEARING CORPORATION**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**16. RETIREMENT PLANS (CONTINUED)**

	Target Allocation 2024	Percentage of Plan Assets, December 31, 2024	Total	Quoted Prices in Active Markets for Identical Assets (Level 1) <sup>(1)</sup>	Quoted Prices in Active Markets for Similar Assets (Level 2) <sup>(1)</sup>
Pension assets as of December 31, 2024:					
Short-term investment fund	0.50 %	0.94 %	\$ 6,728	\$ —	\$ 6,728
Equity Portfolio:					
Domestic large cap growth			14,220	—	14,220
Domestic large cap value			13,297	—	13,297
Domestic large cap core			28,240	—	28,240
Domestic small core			5,338	2,710	2,628
International core			7,877	7,877	—
International emerging markets			2,729	2,729	—
Total equity securities	9.50 %	9.93 %	71,701	13,316	58,385
Fixed income portfolio:					
Domestic liability driven investment <sup>(2)</sup>	88.00 %	88.41 %	638,617	—	638,617
Guaranteed insurance contracts:					
Group annuity contract <sup>(3)</sup>	2.00 %	0.72 %	5,232	—	—
Total pension assets as of December 31, 2024			<u>\$ 722,278</u>	<u>\$ 13,316</u>	<u>\$ 703,730</u>

(1) Investments are classified based on the lowest level of input that is significant to the fair value measurement.

(2) *Pension Plan concentration of investments.* As of December 31, 2025, the balance included Principal/Multi-Manager Liability Driven Solution Collective Investment Trust I of \$338 million and Principal/Multi-Manager Liability Driven Solution Collective Investment Trust II of \$286 million, representing 47% and 40% of total investments, respectively. As of December 31, 2024, the balance included Principal/Multi-Manager Liability Driven Solution Collective Investment Trust I of \$348 million and Principal/Multi-Manager Liability Driven Solution Collective Investment Trust II of \$249 million, representing 48% and 39% of total investments, respectively.

(3) This group annuity contract is accounted for at contract value, which approximates fair value. This investment is reported at contract value because it is the amount received by Plan participants if they were to initiate permitted transactions under the terms of the pension plan. Contract value as reported represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses.

# THE DEPOSITORY TRUST & CLEARING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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## 16. RETIREMENT PLANS (CONTINUED)

*Net periodic benefit expense (income).* Net periodic benefit expense (income) are included in Employee compensation and related benefits, Interest expense, and Other non-operating income, net, in the accompanying Consolidated Statements of Income. Details of the components of net periodic benefit expense (income) for the years ended December 31, 2025 and 2024, follow (in thousands):

	Pension Benefits		Other Benefits	
	2025	2024	2025	2024
Components of net periodic benefit expense (income):				
Expected return on plan assets	\$ (45,739)	\$ (44,957)	\$ —	\$ —
Interest cost	38,113	39,101	1,877	1,954
Service cost	1,211	1,074	172	211
Amortizations:				
Prior service cost	87	87	—	—
Actuarial loss (gain)	3,007	310	(2,340)	(2,390)
Settlement loss	210	2,106	—	—
Net periodic benefit income	<u>\$ (3,111)</u>	<u>\$ (2,279)</u>	<u>\$ (291)</u>	<u>\$ (225)</u>

*Changes in OCI.* Details of the changes in plan assets and benefit obligations recognized in OCI for the years ended December 31, 2025 and 2024, follow (in thousands):

	Pension Benefits		Other Benefits	
	2025	2024	2025	2024
Other changes recognized in OCI:				
Net loss (gain) arising during the period	\$ 7,169	\$ 6,686	\$ (367)	\$ (2,723)
Amortizations:				
Prior service cost	(87)	(87)	—	—
Actuarial and settlement (loss) gain	(3,217)	(2,416)	2,340	2,390
Net other changes in OCI, pre-tax	<u>\$ 3,865</u>	<u>\$ 4,183</u>	<u>\$ 1,973</u>	<u>\$ (333)</u>

Details of the net amount recognized in Accumulated other comprehensive loss on the accompanying Consolidated Statements of Financial Condition as of December 31, 2025 and 2024, follow (in thousands):

	Pension Benefits		Other Benefits	
	2025	2024	2025	2024
Amount not reflected in net periodic benefit (cost) and included in Accumulated other comprehensive income (loss):				
Prior service cost	\$ (1,303)	\$ (1,390)	\$ —	\$ —
Accumulated (loss) income	(230,547)	(226,595)	10,988	12,960
Accumulated other comprehensive (loss) income, pre-tax	<u>\$ (231,850)</u>	<u>\$ (227,985)</u>	<u>\$ 10,988</u>	<u>\$ 12,960</u>

# THE DEPOSITORY TRUST & CLEARING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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## 16. RETIREMENT PLANS (CONTINUED)

*Assumptions for net periodic benefit expense (income).* Details for the defined benefit plans assumptions used by actuaries to determine net periodic benefit expense (income) as of December 31, 2025 and 2024 follow:

	Pension Benefits		Other Benefits	
	2025	2024	2025	2024
Weighted-average assumptions used to determine net periodic benefit expense (income) for the years ended December 31:				
Discount rate	5.66%	5.15%	5.60%	5.13%
Expected long-term rate of return on plan assets	5.95%	5.25%	n/a	n/a
Assumed health care cost trend rates as of December 31:				
Health care cost trend rate assumed for next year			8.06%	6.26%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)			4.00%	4.00%
Year that the rate reaches the ultimate trend rate			2048	2047

The discount rate reflects the rate at which defined benefit plan obligations could be effectively settled. The Company projects the benefits to be paid by each plan for each year in the future, the sum of which is the projected benefit obligations. The benefits are then discounted using the Above Mean Mercer Yield Curve spot rates for the corresponding maturity years.

The total of the present values for the benefit payment years is used to calculate the single rate that discounts the benefit cash flows to the same total present value. The single rate is the basis for the final effective discount rate.

Details for the defined benefit plans assumptions used by actuaries to determine benefit obligations as of December 31, 2025 and 2024 follow:

	Pension Benefits		Other Benefits	
	2025	2024	2025	2024
Weighted-average assumptions used to determine benefit obligations as of December 31:				
Discount rate	5.46%	5.66%	5.34%	5.60%
Rate for interest cost	5.43%	5.13%	5.29%	5.06%
Rate for service cost	n/a	n/a	5.73%	5.17%
Rate for interest on service cost	n/a	n/a	5.60%	5.13%
Assumed health care cost trend rates as of December 31:				
Health care cost trend rate assumed for next year			7.51%	8.06%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)			4.00%	4.00%
Year that the rate reaches the ultimate trend rate			2050	2048

# THE DEPOSITORY TRUST & CLEARING CORPORATION

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## 16. RETIREMENT PLANS (CONTINUED)

*Assumptions for defined benefit obligations.* Mortality is a key assumption used to determine the benefit obligations for the Company's defined benefit plans. The mortality assumption for all plans uses the Pri-2012 mortality tables projected generationally with scale MMP-2021. The mortality tables use a white collar adjustment for the SERP, Restoration Plan and non-union Retiree Medical and Life Insurance Plans and a blue collar adjustment for the union Retiree Medical and Life Insurance Plans. The Pension Plan continues to use no collar adjustment. On a lump sum basis, mortality is based on the Internal Revenue Service (IRS) prescribed tables projected using scale MP-2021, with segmented interest rate adjustments.

*Expected cash flows.* The Company did not make any contributions to the Pension Plan during 2025 and 2024. Settlement losses relate to early retirement of executives who elected lump-sum and periodic payments. Settlement losses totaled \$210,000 and \$2,106,000 for the years ended December 31, 2025 and 2024, respectively. There were no participant contributions to the plans in 2025 and 2024.

Details for the benefit payments for the pension plans and other plans for 2025 and 2024 follow (in thousands):

	<u>2025</u>	<u>2024</u>
Pension plans	\$ 63,340	\$ 74,968
Other plans	2,612	2,995
Total	<u>\$ 65,952</u>	<u>\$ 77,963</u>

Details for estimated amounts to be paid in each of the next five years and the five year period thereafter follow (in thousands):

	<u>Pension</u>	<u>Employer Benefits Payments</u>	<u>Medicare Subsidy Receipts</u>
2026	\$ 59,696	\$ 3,411	\$ 7
2027	60,623	3,343	6
2028	66,469	3,324	5
2029	58,244	3,255	5
2030	58,705	3,138	4
Thereafter	272,460	14,386	14
Total	<u>\$ 576,197</u>	<u>\$ 30,857</u>	<u>\$ 41</u>

**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 \$54,974,000 and \$53,410,000 for the years ended December 31, 2025 and 2024, respectively.

# THE DEPOSITORY TRUST & CLEARING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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## 17. INCOME TAXES

DTCC and its subsidiaries file a consolidated federal income tax return and various state tax returns. DTCC and its subsidiaries also file other state and non-U.S. jurisdiction income tax returns on a separate company basis.

Details of Income before provision for income taxes for the years ended December 31, 2025 and 2024 follow (in thousands):

	<u>2025</u>	<u>2024</u>
United States of America	\$ 597,799	\$ 500,783
Foreign	153,692	136,744
Total income before taxes	<u>\$ 751,491</u>	<u>\$ 637,527</u>

Details for the components of the Company's Provision for income taxes calculated on a separate company basis for the years ended December 31, 2025 and 2024 follow (in thousands):

	<u>2025</u>	<u>2024</u>
Current income tax/(benefit):		
Federal	\$ 99,653	\$ 75,975
State and local	59,636	46,495
Foreign	31,491	21,227
Total current income tax/(benefit)	<u>190,780</u>	<u>143,697</u>
Deferred income tax/(benefit):		
Federal	1,772	(963)
State and local	(51)	1,935
Foreign	1,157	5,064
Total deferred income tax/(benefit)	<u>2,878</u>	<u>6,036</u>
Provision for income taxes	<u>\$ 193,658</u>	<u>\$ 149,733</u>

Details of the reconciliation for income taxes from the U.S. federal statutory tax rate to the actual effective income tax rate after the adoption of the new income taxes standard (see Note 3) for the year ended December 31, 2025 follow (in thousands, except percentages):

	<u>2025</u>	
	<u>Amount</u>	<u>%</u>
U.S. federal statutory tax rate	\$ 157,813	21 %
State and local income taxes, net of federal income tax benefit <sup>(1)</sup>	45,767	6.1
Foreign tax effect	373	—
Effect of cross-border tax laws	(5,346)	(0.7)
Tax credits		
Research and development tax credit	(8,669)	(1.2)
Other credits	(720)	(0.1)
Nontaxable or nondeductible items	(994)	(0.1)
Changes in unrecognized tax benefits	5,434	0.7
Total tax provision and effective tax rate	<u>\$ 193,658</u>	<u>25.7 %</u>

<sup>(1)</sup> State taxes in New York made up the majority (greater than 50 percent) of the tax effect in this category.

# THE DEPOSITORY TRUST & CLEARING CORPORATION

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## 17. INCOME TAXES (CONTINUED)

Details of the reconciliation prior to adoption of new income taxes standard for the U.S federal statutory tax rate to the actual effective income tax rate for the year ended December 31, 2024 follow:

	<u>2024</u>
U.S. federal statutory tax rate	21.0 %
State and local income taxes, net of federal income tax benefit	5.1
Changes in unrecognized tax benefits	(1.0)
Research activities	(0.2)
Benefit on foreign operations	(0.9)
Income from foreign operations	(0.2)
Valuation allowance	(0.4)
Other	0.1
Effective tax rate	<u>23.5 %</u>

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was signed into law. Under the OBBBA, certain provisions of the Tax Cuts and Jobs Act were made permanent, including the allowance for 100 percent bonus depreciation and the immediate expensing of domestic research and experimental costs. The Company has accounted for the effects of this legislation in its financial statements and continues to evaluate the impact of the OBBBA provisions that take effect in future years.

Details for the components of deferred tax assets and liabilities as of December 31, 2025 and 2024 follow (in thousands):

	<u>2025</u>	<u>2024</u>
<u>Deferred tax assets:</u>		
Accrued compensation and benefits	\$ 66,450	\$ 66,832
Operating lease liabilities and deferred rent	22,440	41,264
Capitalized software	36,637	24,809
Other	25,645	28,307
Total deferred tax assets	<u>151,172</u>	<u>161,212</u>
<u>Deferred tax liabilities:</u>		
Lease right-of-use asset	(15,563)	(27,500)
Investment tax basis difference	(39,924)	(39,801)
Depreciation	(44,811)	(41,827)
Total deferred tax liabilities	<u>(100,298)</u>	<u>(109,128)</u>
Net deferred tax assets before valuation allowance	50,874	52,084
Valuation allowance	(382)	(382)
Net deferred tax assets	<u>\$ 50,492</u>	<u>\$ 51,702</u>

A valuation allowance has been recorded against deferred tax assets of \$382,000 as of December 31, 2025 and 2024, due to uncertainties related to the ability to utilize these assets. In assessing whether its deferred tax assets are realizable, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized and adjusts the valuation allowance accordingly. The Company considers all available positive and negative evidence including future reversals of existing taxable temporary differences, taxable income in prior carryback years, projected future taxable income, tax planning strategies and recent financial operations. For the remaining deferred tax assets, they are expected to be fully realized and, accordingly, no valuation allowance was established.

**THE DEPOSITORY TRUST & CLEARING CORPORATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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Details for unrecognized tax benefits, included in Other non-current liabilities, as of December 31, 2025 and 2024 follow (in thousands):

	<u>2025</u>	<u>2024</u>
Beginning balance	\$ 29,650	\$ 35,246
Increases:		
Prior period tax positions	12,041	10,918
Current period tax positions	5,671	4,040
Decreases:		
Prior period tax positions	(6,088)	(14,094)
Statute of limitations	(5,624)	(6,123)
Settlements with tax authorities	(1,201)	(337)
Unrecognized tax benefit	34,449	29,650
Accrued interest	5,621	4,986
Ending balance	<u>\$ 40,070</u>	<u>\$ 34,636</u>

As of December 31, 2025 and 2024, there are \$38,257,000 and \$0, respectively, of unrecognized tax benefits, that, if recognized, would affect the future effective tax rate.

In addition, the Company classifies interest and penalties related to unrecognized tax benefits, if incurred, in Provision for income taxes in its accompanying Consolidated Statements of Income. The Company recognized accrued interest of \$635,000 and \$1,666,000 for the years ended December 31, 2025 and 2024, respectively.

Unrecognized tax benefits are estimated based on judgment, assessment of relevant risks, facts and circumstances. Actual results could differ materially from those estimates. The Company believes that the liability for unrecognized tax benefits is the best estimate in relation to the potential for additional assessments. Unexpected results from one or more such tax audits could significantly adversely affect the Company's income tax provision and results of operations.

Details of income taxes paid (net of refunds) for the year ended December 31, 2025 follow (in thousands):

	<u>2025</u>
Federal taxes	\$ 72,000
State taxes	
New York	38,774
Other states	3,337
Foreign	
United Kingdom	13,199
Other foreign jurisdictions	17,277
Total income taxes paid - net of refunds	<u>\$ 144,587</u>

The income taxes paid (net of refunds) during the year ended December 31, 2024 were \$180,857,000.

# THE DEPOSITORY TRUST & CLEARING CORPORATION

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## 17. INCOME TAXES (CONTINUED)

Details for the periods currently under examination and remaining subject to examination by jurisdiction as of December 31, 2025 follow:

Jurisdiction	Tax Years	
	Under Examination	Subject to Examination
U.S. Federal - Internal Revenue Service	-	2022 - 2024
New York State	2020 -2023	2024
New York City	2015 - 2017	2022 - 2024

The Organization for Economic Co-operation and Development (“OECD”) has published model rules, which include the implementation of a global minimum tax rate of 15%, commonly referred to as Pillar Two. Certain jurisdictions in which the Company operates have enacted legislation implementing these rules, effective January 1, 2024. Based on the Company’s evaluation of enacted legislation in the jurisdictions in which it operates, the adoption of Pillar Two did not have a material impact on the Company’s income tax provision for the years ended December 31, 2025 and 2024. The Company continues to monitor developments and evaluate the potential effects of additional guidance or legislation as it is issued.

## 18. 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 D Fixed Rate Reset Non-Cumulative Perpetual Preferred stock.** There were 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 outstanding as of December 31, 2025. 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 year ended December 31, 2025 follow:

Approved and Declared Date	Record Date	Payment Date	Declared Dividend	Shares Outstanding	Dividend Paid
October 15, 2025	November 28, 2025	December 20, 2025	\$ 4,218.75	2,000	\$ 8,437,500
April 4, 2025	May 30, 2025	June 20, 2025	\$ 4,218.75	2,000	\$ 8,437,500

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## 18. SHAREHOLDERS' EQUITY (CONTINUED)

Details of dividends paid to holders of the Series D Preferred Stock during the year ended December 31, 2024 follow:

<b>Approved and Declared Date</b>	<b>Record Date</b>	<b>Payment Date</b>	<b>Declared Dividend</b>	<b>Shares Outstanding</b>	<b>Dividend Paid</b>
October 9, 2024	November 29, 2024	December 20, 2024	\$ 4,218.75	2,000	\$ 8,437,500
April 24, 2024	May 31, 2024	June 20, 2024	\$ 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 December 31, 2025 and 2024. Dividends are subject to regulatory limitations and restrictions per the New York Banking Law and Federal Reserve Act and must be approved and declared by the Board of Directors. When declared, dividend amounts are 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 the dividends declared to holders of the DTC Series A Preferred Stock during the year ended December 31, 2025 follow:

<b>Approved and Declared Date</b>	<b>Record Date</b>	<b>Payment Date</b>	<b>Declared Dividend</b>	<b>Dividend Paid</b>
April 4, 2025	April 4, 2025	May 9, 2025	\$ 6,420,000	\$ 6,420,000

Details of the dividends declared to holders of the DTC Series A Preferred Stock during the year ended December 31, 2024 follow:

<b>Approved and Declared Date</b>	<b>Record Date</b>	<b>Payment Date</b>	<b>Declared Dividend</b>	<b>Dividend Paid</b>
March 19, 2024	March 19, 2024	April 9, 2024	\$ 6,300,000	\$ 6,300,000

## 19. 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.

# THE DEPOSITORY TRUST & CLEARING CORPORATION

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## 19. CAPITAL REQUIREMENTS (CONTINUED)

Details for the general business risk capital requirement, corporate contribution and liquid net assets funded by equity for the clearing agencies as of December 31, 2025 and 2024 follow (in thousands):

	2025		
	DTC	NSCC	FICC
General business risk capital requirement	\$ 273,454	\$ 272,700	\$ 229,333
Corporate contribution	136,727	136,350	114,667
Total requirement	410,181	409,050	344,000
Liquid net assets funded by equity	899,123	716,540	585,802
Excess	<u>\$ 488,942</u>	<u>\$ 307,490</u>	<u>\$ 241,802</u>
	2024		
	DTC	NSCC	FICC
General business risk capital requirement	\$ 255,604	\$ 252,373	\$ 211,909
Corporate contribution	127,802	126,186	105,954
Total requirement	383,406	378,559	317,863
Liquid net assets funded by equity	815,362	682,863	469,974
Excess	<u>\$ 431,956</u>	<u>\$ 304,304</u>	<u>\$ 152,111</u>

**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 Commodity Futures Trading Commission (CFTC) in the United States; European Securities and Markets Authority (ESMA) in Europe; FCA in the UK; OSC in Canada; and the Monetary Authority of Singapore (MAS) in Singapore.

**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 December 31, 2025 follow:

	Ratio	Minimum Capital Ratio <sup>(a)</sup>	Well Capitalized Ratio <sup>(a)</sup>
Tier 1 capital ratio <sup>(1)</sup>	108.01 %	6.00 %	8.00 %
Total capital ratio <sup>(1)</sup>	108.01 %	8.00 %	10.00 %
Tier 1 leverage ratio <sup>(2)</sup>	20.56 %	4.00 %	5.00 %

(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.

**20. GUARANTEES**

Certain DTCC subsidiaries (NSCC and FICC) provide central counterparty (CCP) services, including clearing, settlement and risk management services. Acting as a CCP, NSCC and FICC (through GSD and MBSD) guarantee the settlement of trades in the event one or more of their Participants default. 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 the netted transactions. To cover their default risk, NSCC and FICC (through GSD and MBSD) use risk-based margining to collect cash and eligible securities collateral to their Clearing Funds.

NSCC is the leading provider of clearance, netting, risk management and settlement for virtually all U.S. broker-to-broker trades involving equities, corporate and municipal debt, exchange traded funds and unit investment trusts. Through its Continuous Net Settlement (CNS) system, NSCC is interposed between Participants in securities clearance and settlement. CNS transactions are generally guaranteed at the point of trade comparison and validation for bilateral submissions or the point of trade validation for locked-in submissions. Since NSCC stands between the Participants delivering and receiving CNS trades, the failure of Participants to deliver securities to NSCC on settlement date, and the corresponding failure of NSCC to redeliver the securities, results in open positions. Open CNS positions are marked-to-market daily. Such marks are debited from or credited to the involved Participants through the settlement process.

FICC through GSD, provides real-time trade matching, clearing, netting, risk management and settlement for trades in U.S. government securities, including buy-sell transactions and repurchase agreement (Repo) transactions. Securities cleared by GSD include U.S. Treasury bills, bonds, notes, STRIPS (zero-coupon securities), floating-rate notes, inflation-indexed securities, and fixed and zero-coupon government agency securities as well as certain eligible agency mortgage-backed securities in its General Collateral Finance (GCF) Repo service, Centrally Cleared Institutional Triparty (CCIT<sup>TM</sup>) service, Sponsored GC service (inclusive of the Collateral-in Lieu (CIL) service), and Agent Clearing Service (ACS) Triparty service. The U.S. government securities market is predominantly an over-the-counter market and most buy-sell transactions are settled on trade date plus one day (T+1). Most Delivery-versus-Payment (DVP) Repo transactions settle same day (T+0), via FICC's Same Day Settling service. Eligible trades are guaranteed and novated upon comparison, except for Sponsored GC Trades and ACS Triparty Trades. Only the End Leg of such transactions can be novated, and the End Leg of such transactions are novated once all requirements set forth in the GSD Rules have been met. The guarantee of GSD net settlement positions may result in a potential liability to FICC. Guaranteed positions that have not yet settled are margined and collateralized twice-daily through the Clearing Fund and/or Segregated Customer Margin and marked-to-market twice-daily through the funds-only settlement process. In addition, a Participant may be subject to an intraday supplemental fund deposit and/or intraday mark-market charge, which, if applicable, may be collected on an intraday basis through the Clearing Fund and/or Segregated Customer Margin.

MBSD provides real-time trade matching, clearing, netting, risk management and settlement for trades in the U.S. mortgage-backed securities market. Specifically, MBSD processes to-be-announced transactions, specified pool trades and stipulated trades. FICC's guarantee of MBSD transactions may result in potential liability to FICC. Guaranteed positions that have not yet settled are margined and collateralized daily through the Clearing Fund. The daily Clearing Fund includes a mark-to-market component that is calculated using guaranteed positions and prices as of prior end-of-day. In addition, a Participant may become subject to intraday value-at-risk charge and/or intraday mark-to-market charge which, if applicable, may be collected on an intraday basis through the Clearing Fund.

If a Participant defaults in either NSCC or FICC, such Participant's deposits to the applicable Clearing Fund is the first source of funds and collateral that the NSCC and FICC would use to cover any losses that may result from the close-out and liquidation of the defaulting Participant's positions. To address potential tail losses, NSCC and FICC each separately maintain additional prefunded resources. These consist of (i) the CCP's Clearing Fund that, in the aggregate, currently serves as the CCP's default fund, and (ii) the CCP's corporate contribution, (see Note 19). If, after closing out and liquidating a defaulting Participant's positions, the CCP were to suffer a loss, such loss would be satisfied as follows: (i) first, applying the defaulter's Clearing Fund deposit, including any amounts available under cross-guaranty agreements to which the CCPs are a party, described below; (ii) next, the CCPs may apply their corporate contribution (or such higher amount as approved by their Board of Directors), and (iii) by allocating any remaining loss to Participants.

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## 20. GUARANTEES (CONTINUED)

For purposes of loss allocation, in connection with defaulting member, Participant defaults are grouped together chronologically into discrete event periods of 10 business days. If there is remaining loss or liability from one or more Participant default events that occurred within the same event period, they will be treated as follows:

NSCC will assess its non-defaulting Participants as provided for in its rules. The process, in general, allocates any remaining losses or liabilities among the Participants of NSCC who were Participants on the first day of the event period ratably in accordance with their respective average daily required deposits to the Clearing Fund over the prior 70 business days.

FICC Participants are grouped into two different tiers for purposes of loss allocation: Tier 1 and Tier 2. GSD and MBSD will divide such obligation between Tier 1 Participants and Tier 2 Participants. Tier 1 Participants will be assessed ratably in accordance with their respective average daily required deposits to the Clearing Fund over the prior 70 business days. Tier 2 Participants will only be subject to such loss or liability to the extent they traded with the defaulting Participant. Sponsored Members are not obligated for loss allocation. If the loss arises in connection with Sponsored Member trades (that is, in connection with the default of a Sponsoring Member), the loss shall be allocated to Tier 1 Participants. If the loss arises in connection with a default other than of the Sponsoring Member, the Sponsoring Member shall be responsible for any loss allocated to the Sponsoring Member Omnibus Account. GSD Participants who act as inter-dealer brokers are limited to a loss allocation of \$5 million per event period in respect of their inter-dealer broker activity.

Amounts that may be available under cross-guaranty agreements include, for NSCC, amounts available under the netting contract and limited cross-guaranty between DTC and NSCC relating to collateralization across the DTC-NSCC interface, or for FICC, amounts available under the cross-margining agreements between GSD and the Chicago Mercantile Exchange Inc., which may provide for additional funds if the defaulting member was a cross-margining Participant.

DTC, NSCC, FICC and The Options Clearing Corporation (OCC) have also entered into a multilateral netting contract and limited cross-guaranty agreement. In accordance with this multilateral netting agreement, the 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 December 31, 2025 and 2024 follow (in billions):

	<u>2025</u>	<u>2024</u>
FICC		
GSD	\$ 3,797	\$ 2,818
MBSD	544	455
NSCC	134	117

There were no defaults by Participants to these obligations in 2025 and 2024.

**21. OFF BALANCE SHEET AND CONCENTRATION OF CREDIT RISKS**

DTCC is exposed to significant credit risk to third parties including its Participants, which extends to companies within the global financial services industry. DTCC's global Participant base includes brokers, dealers, institutional investors, banks, trust issuers, mutual fund companies, insurance carriers, hedge funds, qualified institutional buyer clients via the sponsored membership service and other financial intermediaries - either directly or through correspondent relationships. Credit risk represents the potential for loss due to the default or deterioration in credit quality of a Participant. The Company's exposure to credit risk is primarily derived from providing clearing and settlement service to Participants.

The Company is exposed to credit risk on a daily basis. This risk arises at DTCC as it guarantees certain obligations of its Participants under specified circumstances pursuant to its rules or should a Participant fail to fulfill its settlement obligation. The Company manages and mitigates this risk by identifying, measuring and responding to these risks in order to protect the safety and soundness of the DTCC clearing and settlement system.

Various tools are utilized to mitigate these risks including, but not limited to: setting capital adequacy standards; assessing new applicants for membership; performing continuous monitoring of Participants' financial condition; reviewing Participants' daily activity and determining appropriate collateral requirements; maintaining its risk-based Participants' and Clearing Funds; netting obligations; marking unsettled obligations to market; and utilizing quantitative analytical tools.

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

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

NSCC and FICC collect Clearing Fund deposits from their Participants using a risk-based margining methodology. The risk-based methodology enables them to identify the risks posed by a Participant's unsettled portfolio and to quickly adjust and collect additional deposits as needed to cover those risks. At multiple times during the day, Clearing Fund requirements are calculated for each Participant based on their then-current unsettled and pending transactions. Security pricing is updated on an intraday basis and additional charges may be collected to cover significant price movements from those Participants with a significant exposure in the identified security. The Company monitors Participants' overall trading activities throughout the trading day to determine whether exposures exist that would require special actions to increase their Clearing Fund deposits.

The Company regularly performs back testing, stress testing and model performance monitoring of the quality and accuracy of its risk management systems to ensure the adequacy of Participants' and Clearing Fund requirements and to respond to other risk factors that the monitoring may reveal.

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

DTC maintains a committed, secured line of credit to support potential liquidity needs in the event of a Participant default. NSCC maintains liquid resources to support potential liquidity needs in the event of a Participant default. In addition to the cash deposits to the Clearing Fund, these resources also include the cash that would be obtained from a committed, secured line of credit, proceeds from issuance of senior notes, and proceeds from a commercial paper and extendable note program. NSCC has the Supplemental Liquidity Deposit (“SLD”) - a rules-based funding obligation that requires Members whose activity generate liquidity needs in excess of NSCC’s then available liquid resources, to fund such additional amounts. SLD deposits must be in cash and are held and maintained in the same manner as other Clearing Fund deposits. FICC maintains a rules-based, committed liquidity resource (i.e., the capped contingency liquidity facility) for each division to support potential liquidity needs in the event of a Participant default.

The Company also limits its exposure to potential losses from Participant default through multilateral netting contracts and limited cross-guaranty agreements with other clearing agencies. These arrangements are designed to provide a mechanism for the sharing of excess net resources of a common defaulting Participant held at one clearing agency to cover losses incurred at another clearing agency. NSCC, FICC and DTC have a multilateral netting contract and limited cross-guaranty agreement with each other and with OCC under which these clearing agencies have agreed to make payment to each other for unsatisfied obligations of a common defaulting Participant to the extent they have excess resources of the defaulting Participant. NSCC and DTC are also party to a netting contract and limited cross-guaranty agreement that includes special cross-guaranties and related arrangements designed to permit transactions to flow smoothly between DTC's system and NSCC's CNS system in a collateralized environment. 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.

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

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

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

**Marketable securities.** The Company may invest in reverse repurchase agreements, money market funds, bank deposits, and directly in U.S. Treasury securities and debt obligations of the U.S. government or those U.S. government agencies guaranteed by the U.S. government, pursuant to its investment policy. Credit risk related to investments in marketable securities involves the risk of nonperformance by the counterparty, which could result in a material loss.

**Accounts receivable.** Credit risk related to accounts receivable involves the risk of non-payment by the counterparty. Credit risk is diversified due to the large number of Participants. Almost all of the Company's invoices are collected through the daily settlement process, one day after issuing the invoices. The Company also performs ongoing credit evaluations of the financial conditions of its Participants and evaluates the delinquency status of the receivables.

**Participants' and Clearing Funds.** Cash deposits to the Participants' and Clearing Funds are invested in bank accounts that provide same day access to funds.

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AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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

**Derivatives and hedging.** Derivatives may give rise to counterparty credit risk, which is the risk that a derivative counterparty will default on, or otherwise be unable to perform pursuant to, an uncollateralized derivative exposure. To mitigate derivative credit risk, counterparties are required to be pre-approved and rated as investment grade, and counterparty risk exposures are centrally monitored.

## 22. PARENT COMPANY CONDENSED FINANCIAL STATEMENTS

Condensed financial statements for DTCC (the Parent Company Condensed Financial Statements) that follow should be read in conjunction with the accompanying consolidated financial statements of the Company and its subsidiaries and the notes thereto. The Parent Company Condensed Financial Statements as of December 31, 2025 and 2024 require management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management believes that the estimates utilized in the preparation of the condensed financial statements are reasonable. Actual results could differ materially from these estimates.

The DTCC Parent Company Condensed Statements of Financial Condition follow (in thousands):

	As of December 31,	
	2025	2024
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 1,038,294	\$ 720,985
Short-term investments	125,000	200,000
Investments in subsidiaries	2,904,831	2,499,890
Due from subsidiaries	619,946	655,571
Premises, equipment and intangible assets	238,512	242,504
Operating lease right-of-use asset	78,825	120,022
Other assets	487,038	509,156
<b>TOTAL ASSETS</b>	<b>\$ 5,492,446</b>	<b>\$ 4,948,128</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY:</b>		
<b>LIABILITIES:</b>		
Pension and postretirement benefits	\$ 96,023	\$ 96,418
Operating lease liability	103,405	168,579
Other liabilities	587,900	512,461
<b>Total liabilities</b>	<b>787,328</b>	<b>777,458</b>
<b>SHAREHOLDERS' EQUITY:</b>		
Preferred stock	491,500	491,500
Common stock	5,091	5,091
Additional paid-in capital	411,065	411,065
Retained earnings	3,982,130	3,447,592
Accumulated other comprehensive loss, net of tax	(184,668)	(184,578)
<b>Total shareholders' equity</b>	<b>4,705,118</b>	<b>4,170,670</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 5,492,446</b>	<b>\$ 4,948,128</b>

# THE DEPOSITORY TRUST & CLEARING CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

### 22. PARENT COMPANY CONDENSED FINANCIAL STATEMENTS (CONTINUED)

DTCC Parent Company has an agreement with its subsidiaries whereby the DTCC Parent Company pays for substantially all of the expenses for the operations of its subsidiaries. The related expenses are allocated to subsidiaries based upon their estimated use of such goods or services as determined by applicable allocation factors. Further, the agreement provides that the DTCC Parent Company performs credit and quantitative risk services, and certain other services for its subsidiaries, including among other things, administrative, internal audit, finance and legal services. The billing for these services as a percentage of total allocated expenses ranged from 104% to 108% in 2025 and 2024, excluding pass-through charges and the impact of capitalized software. The fee, representing the amount over actual cost, is included in Interest and other income in the Condensed Statements of Income below.

The DTCC Parent Company Condensed Statements of Income follow (in thousands):

	For the years ended December 31,	
	2025	2024
REVENUES:		
Equity in earnings of subsidiaries	\$ 452,613	\$ 378,739
Interest and other income	192,886	180,451
Total revenues	<u>645,499</u>	<u>559,190</u>
OPERATING EXPENSES:		
Professional services	7,228	12,738
Other	58,835	45,441
Total operating expenses	<u>66,063</u>	<u>58,179</u>
Income before taxes	579,436	501,011
Provision for income taxes	28,023	19,517
Net income attributable to DTCC	<u>\$ 551,413</u>	<u>\$ 481,494</u>

**THE DEPOSITORY TRUST & CLEARING CORPORATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**22. PARENT COMPANY CONDENSED FINANCIAL STATEMENTS (CONTINUED)**

The DTCC Parent Company Condensed Statements of Cash Flows follow (in thousands):

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 551,413	\$ 481,494
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:		
Equity in earnings of subsidiaries	(452,613)	(378,739)
Deferred income taxes	7,152	10,520
Other	55,985	16,682
Net change in:		
Due from subsidiaries	35,625	(284,902)
Operating lease liability	(79,963)	(18,022)
Other operating assets and liabilities, net	(33,904)	81,663
Net cash provided by/(used in) operating activities	<u>83,695</u>	<u>(91,304)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Short-term investments	75,000	(150,000)
Distributions from subsidiaries	241,417	286,300
Capitalized software development costs and purchases of Premises and equipment	(59,539)	(82,343)
Net cash provided by investing activities	<u>256,878</u>	<u>53,957</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Preferred stock dividend payments	(16,875)	(16,875)
Dividend to non-controlling interests	(6,420)	(6,300)
Cash used in financing activities	<u>(23,295)</u>	<u>(23,175)</u>
Effect of foreign exchange rate changes on Cash and cash equivalents	<u>31</u>	<u>(7)</u>
Net increase/(decrease) in Cash and cash equivalents	317,309	(60,529)
Cash and cash equivalents - Beginning of year	<u>720,985</u>	<u>781,514</u>
Cash and cash equivalents - End of year	<u>\$ 1,038,294</u>	<u>\$ 720,985</u>
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Interest paid	<u>\$ 2,394</u>	<u>\$ 2,167</u>

# THE DEPOSITORY TRUST & CLEARING CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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### 23. SUBSEQUENT EVENTS

The Company evaluated events and transactions occurring after December 31, 2025 through March 19, 2026, 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.