

**THE DEPOSITORY TRUST & CLEARING CORPORATION
THE DEPOSITORY TRUST COMPANY
FIXED INCOME CLEARING CORPORATION
NATIONAL SECURITIES CLEARING CORPORATION**

GOVERNANCE COMMITTEE CHARTER

I. Purpose

The Boards of Directors (collectively the “Board”) of The Depository Trust & Clearing Corporation (“DTCC”), The Depository Trust Company (“DTC”), Fixed Income Clearing Corporation (“FICC”) and National Securities Clearing Corporation (“NSCC”) together with DTC and FICC, the “SIFMUs” and collectively with DTCC, the “Company”) have each established a Governance Committee (the “Committee”) that has the authority to act on behalf of the Board and assists the Board in: (a) identifying, screening and evaluating individuals that have been nominated to serve as directors and recommending to the Board candidates for nomination for election at the annual meeting of shareholders or to fill Board vacancies on an ad-hoc basis; (b) developing, recommending to the Board and overseeing implementation of the Company’s corporate governance policies and procedures, including the Character and Fitness Standards for Board of Director Candidates and the Board Code of Ethics and Conflicts of Interest Policy; and (c) reviewing on a regular basis the overall corporate governance framework of the Company and recommending enhancements and/or changes as necessary.

II. Administrative Structure

A. Composition

The Committee shall be composed of not less than four members, including the Chair of the Committee. All members of the Committee shall be members of the Board who are not employed by DTCC (“non-management” directors). All members of the Committee shall be members of the Board who are not employed by DTCC (“non-management” directors). Committee members shall be nominated by the Board, upon nomination by the Governance Committee, and shall serve at the pleasure of the Board. At least one member of the Committee shall be a non-participant director, as such term is defined in the Board of Directors Mission Statement and Charter, and a majority of the members of the Committee must independent.¹

In the event of a vacancy on the Committee, the Committee will continue to undertake its responsibilities, so long as the remaining Committee members are capable of satisfying the quorum and independence requirement.

¹ An independent director is a director that has no material relationship with any of the SIFMUs or with any affiliate of the SIFMUs. See SEC Rule 17ad-25(a).

B. Committee Chair

The Chair of the Committee shall be selected by the Board, upon nomination by the Governance Committee, and shall serve at the pleasure of the Board. The Chair must be an independent director pursuant to SEC Rule 17ad-25. In the absence of the Chair at any meeting of the Committee, the Non-Executive Chairman shall serve as Chair of such meeting. In the absence of the Non-Executive Chairman at any meeting at which the Chair is absent, those members of the Committee present shall designate a Committee member to serve as the Acting Chair.

C. Meetings

There shall be scheduled at least three meetings of the Committee annually, with additional meetings called as the Committee deems appropriate. Meetings of the Committee shall be called by the Chair or the Chair's designee. Meetings of the Committee are open to all Board members and guests invited by the Board or the Committee. The Chair or the Chair's designee shall, in consultation with management, as appropriate, prepare an agenda in advance of each meeting. The Chair or the Chair's designee shall report regularly to the Board on Committee activities. The Committee also retains the authority to call an "executive session" in which guests of the Committee in attendance may be excluded. The Non-Executive Chairman shall be permitted to attend and participate in executive sessions called by the Committee.

D. Quorum and Voting

A majority of the Committee members shall constitute a quorum for the transaction of business. The presence of the Non-Executive Chairman shall not be counted towards quorum for the transaction of business at a meeting of the Committee where a quorum of voting Committee members is present but may be counted towards quorum for the transaction of business at a meeting of the Committee at which a quorum of voting Committee members is not present. In the event the Non-Executive Chairman is absent from a meeting of the Committee at which a quorum of voting Committee members is not present, one (but not more than one) management Director of the Board may serve as a member of the Committee. All actions of the Committee shall require a majority vote of all members of the Committee in attendance at such meeting; provided, however, that any member who has an interest in any matter being reviewed or considered shall abstain from voting on the matter. The Non-Executive Chairman shall not be a voting member of the Committee; provided, however, that (i) in the event of a tie vote or deadlock among the voting members of the Committee, the Non-Executive Chairman shall have the casting vote which shall determine the outcome of such tie vote or deadlock, and (ii) the Non-Executive Chairman may vote at a meeting of the Committee at which he is counted towards quorum for the transaction of business.

E. Minutes and Reports

The Committee shall maintain minutes of all Committee meetings and shall report to the Board regularly on its activities.

The Committee Chair is responsible for ensuring that important issues discussed at Committee meetings are reported to the Board.

F. Staff Liaison

A designated officer of management shall serve to assist the Committee and to perform liaison functions between staff and the Committee. The Committee may also require the attendance at any Committee meeting of any additional officers or employees of DTCC as it deems appropriate.

III. Authority

A. Scope

Subject to the direction of the Board, the Committee is authorized to act on behalf of the Board with respect to any matter necessary or appropriate to the accomplishment of the purpose and responsibilities set forth in this Charter. In discharging its role, the Committee may inquire into any matter it considers appropriate to carry out its purpose and responsibilities, with access to all books, records, facilities and personnel of DTCC, and its wholly owned subsidiaries. The Committee also has the authority to retain advisors, consultants and/or counsel to assist it in carrying out its activities. DTCC shall provide adequate resources to support the Committee's activities.

B. Delegation

The Committee may delegate a subset of its responsibilities to one or more subcommittees composed of members of the Committee. In addition, the Committee may rely on members of management to assist it in the undertaking of its responsibilities. However, in all instances, the Committee retains the obligation to oversee such delegated activity and to assure itself that delegation and reliance on the work of the persons delegated to and members of management is reasonable.

C. Authority of the Chair to Act in an Emergency²

In an emergency situation, the Chair of the Committee shall make a reasonable effort to convene a meeting of the Committee. If a quorum cannot be obtained, the majority vote of those Committee members present at the meeting will be sufficient for the Committee to take action. If no Committee members are able to attend the emergency meeting, the Chair of the Committee, or the Non-Executive Chairman if the Chair of the Committee is unavailable, may act on behalf of the Committee when immediate action is required. In such instances, the Chair or Non-Executive Chairman, as the case may be, shall report to the Committee as soon as possible on any actions taken at the meeting, or by the Chair or Non-Executive Chairman, as the case may be, for its ratification.

² Should the emergency situation concern a participant represented by a member of the Committee, such Committee member shall recuse himself/herself from attending the meeting.

D. Advisory Resources

The Committee may obtain such advice as it requires from time to time to address its responsibilities, whether through the engagement of consultants or other advisory resources, or through any other appropriate action.

IV. Responsibilities

The following responsibilities are set forth to guide the Committee in fulfilling its purpose. The Committee may undertake other and different activities as appropriate for that purpose, or as may be delegated to it by the Board.

A. Responsibilities of the Committee

The Committee shall:

1. Oversee the implementation and effectiveness of the Company's policies and procedures for identifying, reviewing, evaluating, and documenting in writing the evaluation of Board nominee candidates, including review and modification of, as appropriate, the Selection Process and Character and Fitness Standards for Board of Directors Candidates set forth in Appendix A (which include considerations for a nominee's experience, qualifications, availability, integrity, attributes or skills in light of the Company's business and structure and relative to the Board's composition as a whole; the SIFMUs' roles as industry utilities; and the ability to represent users of the services of each of the SIFMUs and other relevant stakeholders), and recommend any modifications of such Character and Fitness Standards to the Board for approval;
2. Identify, screen and evaluate in writing the fitness and propriety as well as the independence of individuals nominated to serve as directors of the Company and confirm that each individual is not subject to any statutory disqualification as defined under Section 3(a)(39) of the Securities Exchange Act of 1934 and document such evaluation in writing;
3. Recommend to the Board for approval, individuals to serve as directors of the Company to be elected or re-elected by the Company's shareholders at their Annual Meeting or to fill any vacancies that may exist from time to time;
4. Evaluate and determine, on an annual basis, independence of all directors as required by SEC Rule 17ad-25(b) and (c)(1) with the assistance of the Corporate Secretary's Office;
5. Assess the appropriateness of a director continuing to serve on the Board where such director submits his or her resignation upon the director ceasing to hold the principal occupation or business association that such director held when originally invited to join the Board, and recommend to the Board any action to be taken related thereto;

6. Review annually the composition and size of the Board as a whole, paying close attention to whether the Board reflects the appropriate balance of participant and non-participant directors, director tenure, sound judgment, business specialization, technical skills, diversity and other desired qualities, and recommend to the Board increases or decreases in size as appropriate;
7. Review annually the structure of all Board committees and appropriate mix of skills and qualifications of all members serving on the Board's standing committees in accordance with the considerations outlined within the Appendix A and recommend to the Board for its approval the appointment of directors to Board committees and assignment of committee Chairs;
8. By delegation from the Board, approve committee composition changes throughout the year as needed;
9. Review the Board's leadership structure in light of the specific characteristics or circumstances of the Company and recommend any changes to the Board for approval;
10. Coordinate and provide oversight of the annual self-evaluation of the role and performance of the Board, its committees and management of the governance of the Company;
11. Evaluate the effectiveness of the Board and Board committees, at least annually;
12. Review conflicts of interest disclosed by directors and the manner in which any such conflicts are to be monitored;
13. Review conflicts of interest between DTCC subsidiaries that have been escalated by management or a subsidiary's board of directors;
14. Develop and recommend to the Board, oversee the implementation and effectiveness of, and recommend modifications as appropriate to, the Company's corporate governance framework and the Board Code of Ethics;
15. Review the results of any audits (internal and external), regulatory examinations and supervisory examination reports as to significant risk items or any other matter relating to the areas that the Committee oversees, as well as management's responses pertaining to matters that are subject to the oversight of the Committee.
16. On a recurring basis and regarding items within the authority of the Committee, consider and document its consideration of the views of SIFMU participants and other relevant stakeholders of a SIFMU regarding material developments in a SIFMU's risk management and operations, as escalated by management via advisory councils or any other ad hoc means as deemed appropriate by management of the SIFMUs.
17. Ensure that critical governance matters are escalated to the Board;

18. Provide oversight of any orientation or education programs for new Board members and continuing director education opportunities;
19. Approve appointments to the boards of directors of non-SIFMU subsidiaries as may be required under such subsidiaries' governing documents, in addition to any other necessary approvals;
20. Approve any waiver of, or exception to, the restrictions relating to the appointment of employees or directors of regulatory or quasi-regulatory bodies, clearing agencies, data repositories or holding companies or affiliates thereof, to serve as non-executive director of a direct or indirect wholly-owned subsidiary of DTCC, as set out in the DTCC Policy for Corporate Governance of Subsidiaries;
21. Review annually the Committee's responsibilities as set forth in the Charter and recommend any changes to the Board;
22. Review proposed changes to other Board Committee charters, and the Board Mission Statement and Charter, and recommend changes, if any, to the Board for approval; and
23. Undertake an annual self-assessment of the Committee's performance and provide results of such assessment to the Board for review.

APPENDIX A

SELECTION PROCESS AND CHARACTER AND FITNESS STANDARDS FOR BOARD OF DIRECTOR CANDIDATES

Selection of Board Nominees

Each year, the Board proposes a slate of director nominees for election at the Annual Meeting of Shareholders. The process of screening potential director candidates has been delegated to the Governance Committee by the Board. In accordance with the statutory requirements of “fair representation,” the Board must be representative of DTCC’s participant shareholders, who by virtue of making deposits to a clearing fund or otherwise, share the risk of loss associated with settlement defaults or other clearing agency losses. Invitations to stand for election are extended to director nominees by the Non-Executive Chairman of the Board and the Chair of the Governance Committee.

In evaluating an individual to serve as a director of the Company, the Governance Committee will carefully consider each nominee’s expertise, availability, and integrity, and demonstrate that the addition of such individual to the Board, would, when taken as a whole, support diversity of skills, knowledge, experience, and perspectives of the Board. As part of the evaluation process, the Governance Committee will also consider the views of other stakeholders who may be affected by the decisions of the registered clearing agency and whether a nominee would complement other Board members, such that, if elected, the Board, taken as a whole, would represent the views of the owners and participants, a range of different business strategies, models, and sizes across participants, as well as a range of customers and clients served by such participants. The Governance Committee will also identify whether each nominee would meet the definition of “independent director” pursuant to under SEC Rule 17ad-25 (through the DTCC Director Conflicts of Interest Questionnaire and Independence Assessment), and whether the nominee has a known material relationship with a SIFMU or any affiliate thereof, an owner, a participant, or a representative of another stakeholder of the SIFMUs.

Criteria considered by the Governance Committee in evaluating nominees to the Board include:

- 1) Characteristics essential for effectiveness as a Board member, including such factors as expertise, availability, integrity, independence, objectivity, sound judgment and leadership;
- 2) Relevant expertise and experience, such as in the areas of: (a) strategic planning; (b) risk management (specifically relevant to the following risk areas: credit; market; liquidity; operational; compliance/legal/regulatory; risk modeling/valuation; systemic); (c) information technology; (d) operations (such as payment systems; clearance/settlement; and new products); (e) management of a business unit or function; (f) finance; (g) audit; (h) governmental/legislative relationship management; (i) regulatory affairs; and (j) compensation and human resources; and (k) governance;

- 3) The type and size, as well as business strategies and models, of the firm that the nominee is from;
- 4) Substantial seniority in their own firms;
- 5) Industry affiliations;
- 6) Education / other certification(s); and
- 7) For current Directors eligible for re-election, length of service on the Board, attendance, participation, and contribution at Board and committee meetings.

The Governance Committee will confirm that each individual is not subject to any statutory disqualification as defined under Section 3(a)(39) of the Securities Exchange Act of 1934.

The Board also strives to ensure diversity of representation among its members. When considering prospects for possible recommendation to the Board, the Governance Committee reviews available information about the expertise, qualifications, attributes and skills of prospects, as well as their gender, race, ethnicity and other diversity considerations.

For Participant Directors, additional criteria considered by the Governance Committee include:

1. The ability to represent users of the services of DTC, FICC and NSCC. With respect to user representation, the Governance Committee will consider the nature of the firm a prospective director is associated with, and will include among nominees one or more representatives of subsidiary participants that are engaged in one or more of the following activities: (a) custodian bank; (b) investment bank; (c) retail broker-dealer; (d) clearing firm; (e) government securities dealer; and (f) mortgage-backed securities dealer; and
2. Ownership of DTCC common stock by the entity employing the nominee.

For Non-Participant Directors, additional criteria considered by the Governance Committee include:

1. The ability to bring additional skills and expertise to the Board;
2. The ability to mitigate potential conflicts of interest of participant directors; and
3. The ability to introduce different perspectives.

These criteria will also be considered by the Governance Committee when recommending Board committee membership as well.

The Governance Committee is responsible for reviewing with the Board, on an annual basis, the appropriate criteria that directors are required to fulfill (including experience, qualifications, attributes, skills and other characteristics) in the context of the current make-up of the Board and the needs of the Board given the circumstances of the Corporation.

The Governance Committee values the input of participant shareholders in identifying director candidates, and it solicits suggestions from industry members for prospective director nominees. The Governance Committee also considers possible nominations on its own initiative. The Governance Committee considers recommendations for Board candidates submitted by industry members and participant shareholders using the same criteria it applies to recommendations from the Governance Committee, directors and members of management. Participant shareholders of each of the clearing agency subsidiaries are allocated entitlements to purchase the common stock of DTCC based upon their usage, and participant shareholders who take advantage of the opportunity to purchase such stock are thereby able to vote in the election of directors.