



Important Notice

Fixed Income Clearing Corporation - GOV

GOV #:	1195-21
Date:	December 16, 2021
To:	Fixed Income Clearing Corporation Members
Category:	Service Updates
Subject:	Nominations to the Board of Directors of The Depository Trust & Clearing Corporation

For your information, the attached documents outline the nominations process for the Board of Directors of The Depository Trust & Clearing Corporation. Please note that these materials have also been distributed to participants of The Depository Trust Company and members of National Securities Clearing Corporation.

If you have any questions about this Important Notice, please contact Annette Nichols, Corporate Secretary, at 212-855-1681.

DTCC offers enhanced access to all important notices via a Web-based subscription service. The notification system leverages RSS Newsfeeds, providing significant benefits including real-time updates and customizable delivery. To learn more and to set up your own DTCC RSS alerts, visit http://www.dtcc.com/subscription_form.php.



55 WATER STREET
NEW YORK, NY 10041-0099

To: Participants of The Depository Trust Company (“DTC”), National Securities Clearing Corporation (“NSCC”) and Fixed Income Clearing Corporation (“FICC”)

Attention: Chief Executive Officer or Chief Operating Officer

Subject: Nominations to the Board of Directors of The Depository Trust & Clearing Corporation

Date: December 16, 2021

The Annual Meeting of Shareholders of The Depository Trust & Clearing Corporation (“DTCC”) will be held on or about March 28, 2022. At that time, the annual election of the Board of Directors of DTCC will take place.

DTCC’s procedure for the annual nomination and election of Directors is set forth in the notice attached to this letter (the “Nominations Notice”).

The Governance Committee of the Board of Directors of DTCC invites suggestions for participant director nominees from participants of DTC, NSCC and FICC. The Governance Committee is seeking candidates having the characteristics specified in the attached Nominations Notice. Individuals who are nominated and elected to the Board of DTCC also will be elected to the Boards of DTC, NSCC and FICC.

All suggestions must be received by us no later than January 14, 2022, and should include the title, business address and biographical information of the individual being recommended. Please send suggestions and related information to the Governance Committee, c/o Annette Nichols, Corporate Secretary, via email to corporatesecretary@dtcc.com.

The Governance Committee of the Board of Directors of
DTCC

Gary H. Stern, Chairman
David Goone
Lori Hricik
Raj Mahajan
Andrea Pfenning
James Tabacchi
Susan Yung

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THE DEPOSITORY TRUST & CLEARING CORPORATION

PROCEDURE FOR THE ANNUAL NOMINATION AND ELECTION OF THE BOARD OF DIRECTORS

The Governance Committee is appointed by the Board of Directors (the “Board”) of The Depository Trust & Clearing Corporation (“DTCC”) and is charged with, among other matters, assisting the Board in the annual nomination and election of directors by identifying individuals qualified to become Board members of DTCC; reviewing the qualifications of any person submitted to be considered as a Board member by participant-shareholders (including evaluation of incumbent directors for potential re-nomination); and recommending to the Board candidates for nomination for election or reelection.

The Board is currently composed of 22 directors:

- 14 directors who represent clearing agency participants, including broker/dealers, custodian and clearing banks, and investment institutions;
- 2 directors designated by DTCC’s Series A and Series B preferred shareholders (ICE and the Financial Industry Regulatory Authority);
- 1 management director (the President and Chief Executive Officer);
- 4 non-participant directors¹; and
- the Non-Executive Chairman.

All of the Board members except those designated by the Series A and Series B preferred shareholders are elected annually.

The Governance Committee considers possible nominations on its own initiative and invites suggestions from all participants of each of DTCC’s clearing and depository subsidiaries, The Depository Trust Company (“DTC”), National Securities Clearing Corporation (“NSCC”) and Fixed Income Clearing Corporation (“FICC”). The Governance Committee may also use a professional director search consultant to assist in identifying candidates for the non-participant Board positions.

In identifying potential candidates, the Governance Committee will consider the criteria approved by the Board as itemized below, among other factors. Potential candidates may be asked to complete a questionnaire eliciting information regarding how their experience aligns with these factors.

For Participant Directors and Non-Participant Directors:

1. Characteristics essential for effectiveness as a Board member, including such factors as 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; payment systems; clearance/settlement; new products; risk modeling/valuation; systemic); (c) information technology; (d) operations;

¹ “Non-participant directors” are individuals who are not an officer, employee, or member of the Board of Directors of a DTC participant or FICC/NSCC member, including Sponsored Members, but excluding Limited Members, as those terms are defined in the relevant Rulebooks.

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- (e) management of a business unit or function; (f) finance; (g) audit; (h) governmental/legislative relationship management; (i) regulatory affairs; (j) compensation and human resources; and (k) legal, regulatory and compliance expertise;
- 3. Substantial seniority in their own firms;
- 4. Industry affiliations; and
- 5. Education / other certification(s).

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:

- 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:

- 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.

In presenting recommendations for candidates to the Board and in developing its recommendations to the Board of Directors, the Governance Committee will consider the current composition of the Board as a whole, including whether the Board reflects the appropriate balance of participant and non-participant directors (bearing in mind the statutory requirements of “fair representation,” which requires the Board to be representative of its participant shareholders), sound judgment, diversity and skills and experience needed to effectively oversee DTCC’s business, such as risk management experience, seniority, business specialization, technical skills, industry stature and experience at their own organizations.

Upon the Board’s approval, the Board will propose a slate of director nominees for election at the Annual Meeting of the Shareholders. The nominations shall be included in proxy materials sent to the shareholders at least 10 days prior to the Annual Meeting of the Shareholders. If any shareholder wishes to vote to elect a person who has not been nominated, it may nominate and vote for that person by so indicating on the

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proxy card. Voting will be on a cumulative basis, which permits shareholders with a minority interest an opportunity to obtain representation on the Board in proportion to their interest in all shares voted.

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