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DTCC CAPITAL ADEQUACY STATEMENT

Capital Management and Strategy

DTCC considers capital management an integral part of its approach to financial stability and sustainability management and therefore a strong and efficient capital position is its priority.

Primary Objectives	Core Practices
Ensure capital is sufficient to support our current businesses and forecasted operational needs and associated risks	- Monitor internal targets for capital demand and ratios
Ensure DTCC and its legal entities maintain adequate capital to withstand the impact of risks that may arise under adverse scenarios	- Maintain capital buffers over regulatory requirements - Develop contingency plans and recovery actions
Take advantage of growth and strategic opportunities	- Maintain capital ratios aligned within rating agency expectations
Support a strong credit rating and maintain ready access to financial markets	- Implementation of economic capital methodology and alignment with leading international and regulatory practices
Satisfy current and future regulatory capital requirements	- Meet minimum regulatory requirements at all times in all jurisdictions in which DTCC operates

Through our emerging capital strategy, we continue to strengthen our capital position in light of challenging markets and particularly in light of new and evolving regulatory capital requirements.

Capital Management Framework

To meet our capital objectives, DTCC maintains a disciplined capital adequacy assessment process, which is performed regularly, to enable the Company to remain well capitalized and fund ongoing operations under adverse conditions. The process is intended to assess the potential impact of alternative economic and business scenarios on earnings and capital for DTCC's businesses individually and in the aggregate over a rolling 4 year period. Our framework considers building up the capitalization levels needed to absorb losses affecting our own capital base. Projections and capital plans are prepared for our major subsidiaries and reviewed throughout the year with the Board of Directors' Finance/Capital Committee, which was established to facilitate the oversight of DTCC's financial strategy and assess performance against that strategy. In addition to considering the Company's earnings outlook, senior management evaluates all sources or uses to preserve DTCC's capital strength.

DTCC is in the process of implementing an economic capital methodology, which is designed to allow DTCC to determine its optimal capitalization levels and capital allocations, measured by relevant risk category. This methodology will enable DTCC to perform required stress testing and assess capital requirements in terms of economic realities rather than solely under regulatory or accounting rules.

Regulatory Capital

There continues to be significant changes to the regulatory environment under which DTCC operates, introducing more conservative standards of measurement and increases in mandatory capital levels.

DTCC is calculating and reporting its regulatory capital in accordance with all relevant laws and internal guidelines. As a multinational enterprise, DTCC is subject to multiple regulatory capital regimes imposed by regulators in various jurisdictions. DTCC subsidiaries file regulatory capital forms with the Federal Reserve Bank of New York (FED), U.S Securities and Exchange Commission (SEC), New York State Banking Department, and U.S. Commodity Futures Trading Commission (CFTC) in the U.S., Bank of England in the U.K, The Japan Financial Services Agency (JFSA) in Japan, and Monetary Authority of Singapore (MAS) in Singapore.

As a financial services company, DTCC is subject to the risk-based capital guidelines (Basel I) issued by federal banking regulators. At December 31, 2012, we operated banking activities under two subsidiaries: The Depository Trust Company (DTC) and The Warehouse Trust Company (WTC). Under these guidelines, DTC and WTC measure capital adequacy based on Tier 1 common capital and Total capital. Capital ratios are calculated by dividing each capital amount by risk-weighted assets. At December 31, 2012 and 2011, DTC and WTC maintained Tier 1 and Total Capital ratios in excess of the well-capitalized standards established by the Federal Reserve, which are 4% and 8%, respectively. In addition, their Tier 1 common ratios were significantly above the 4% well-capitalized standard established at the time of the Supervisory Capital Assessment Program.

DTCC and its certain subsidiaries are currently in the process of completing an assessment of compliance with the Principles for Financial Market Infrastructures (FMIs) issued by CPSS-IOSCO in April 2012. The standards aim to harmonize and strengthen the existing international standards for systemically important FMIs, including payment systems, central securities depositories, securities settlement systems, and central counterparties. In general, these standards are expressed as broad principles in recognition of FMIs' differing organizations, functions, and designs, and the different ways to achieve a particular result. In some cases, the principles also incorporate a specific minimum requirement (such as in the credit, liquidity, and general business risk principles) to ensure a common base level of risk management across FMIs and countries.

For its regulated subsidiaries domiciled in jurisdictions that have not yet implemented the Principles for Financial Market Infrastructures by CPSS-IOSCO, DTCC directly applies the capital rules as per CPSS-IOSCO until such time that a local implementation of the Principles takes precedence.