DTCC

Our Year *of* Execution

ANNUAL REPORT

2024

Table of Contents

Leadership

As a strategic partner, we leverage our decades of experience and deep expertise to galvanize, lead and support the industry through transformational change.

TOTAL REVENUE

(USD IN MILLIONS)

$2,486

2024 $2,486

2023 $2,246

2022 $2,163

See 2024 Awards

dtcc.com/press-room/awards-and-recognition

TIME AMERICA'S BEST COMPANIES MID-SIZE statista 2024

Meet Our Executive Committee

dtcc.com/about/leadership/executive-committee

Meet Our Board of Directors

dtcc.com/about/leadership/board

See Our Consolidated Financial Statements

dtcc.com/-/media/Files/Downloads/legal/financials/2024/DTCC--Annual-2024-Financial-Statements.pdf

Creating the Market Infrastructure of the Future

DEAR STAKEHOLDER,

For DTCC, 2024 was a year where challenge was triumphed by leadership as our industry confronted some of the most historic changes to market structure in recent decades.

Faced with the daunting mandate to implement T+1 in North America, we galvanized and steered the industry in testing and preparing their systems to ensure a seamless conversion to the shorter settlement cycle. We accomplished this herculean effort while continuing to elevate our firm and advance important initiatives, including U.S. Treasury clearing, derivative rule refits globally, digital asset adoption and modernization.

T+1 is just one example of how DTCC strengthened our position as a global leader and strategic partner in 2024, which we named our *Year of Execution* given the criticality of the imperatives on our agenda. Through our new DTCC Digital Assets business, our company has emerged as the center of gravity in building the digital asset ecosystem. Our compelling new solutions have increased our competitive edge in the market, with the industry looking to us for guidance and leadership in creating a sustainable infrastructure for digital securities exchange.

These achievements, and others, are reflected in our strong financial and operational results for 2024. Despite the persisting uncertainty in the global operating environment, we moved several strides closer to achieving our Vision – *to lead the advancement of the global financial markets as the most influential, strategic* *and tech-focused partner.* The actions we've taken to elevate our organization, enhance our client centricity and advance our strategic priorities have poised us for the next chapter in our evolution – to deliver the whole firm to our stakeholders.

BECOMING A MORE STRATEGIC PARTNER

The financial services industry has come to depend on us even more as a strategic partner and value creator, given our proven track record in leading large-scale implementations. The move to T+1 was no different in how we collaborated and coordinated with market stakeholders to deliver on this massive initiative and achieve all the benefits that we promised the industry, including returning $3 billion in liquidity to the marketplace through a reduction in the clearing fund, driving same-day affirmations of transactions to a historic 95%, and maintaining a steady 2–3% rate for CNS and non-CNS fails, which have not increased following the T+1 conversion. As several countries in Europe mobilize to implement T+1, we're sharing our knowledge and best practices on accelerated settlement to support their efforts.

However, the journey to accelerated settlement globally does not stop with T+1. We see plenty of opportunity in the U.S. for additional automation and straight-through processing to further reduce friction in the markets, mitigate risk and strengthen resilience. DTCC looks forward to providing market participants with solutions, expanded capabilities and our expertise, which includes our Consulting Services, to make these benefits a reality.

Alongside the T+1 transition, under the leadership of our Repository & Derivatives Services team, we successfully implemented the derivatives rule refits in multiple jurisdictions around the world and supported our clients in their compliance with the new regulations. This work extends into 2025 as additional jurisdictions release their reporting rule rewrites. On the heels of these initiatives, we're now focused on ways to transform and invest in the business over the long term.

In addition, U.S. Treasury clearing remains a top priority despite the SEC's recent decision to delay implementation of its mandatory clearing requirement based on industry feedback. However, this change did not impact the SEC's requirements for us to enhance our access models, separate house and customer activity and introduce segregated customer margin accounts by March 31, 2025. I'm proud to say that we successfully met the provisions of the rule, and in true DTCC spirit, we did it one week ahead of schedule. As we've demonstrated time and again over more than 50 years, when faced with a daunting challenge, our team rises to the occasion and goes above and beyond to exceed the industry's expectations.

At the same time, we continue to work hand in hand with the industry to address challenges that prompted the request for an extension, including support for done-away transactions and clarifying accounting rules to allow clearing banks to record trades off balance sheet. We understand the crucial importance of delivering on this initiative with the same precision and focus as T+1.

While the U.S. economy remains relatively strong and resilient, the circumstances in international markets are more challenging. Many nations are contending with high debt, stagnation, demanding regulatory requirements and underdeveloped or declining infrastructure. As a result, these markets are seeking and competing for capital to stimulate their growth at the same time that liquidity is still constrained in many parts of the world. Treasury clearing represents a tremendous opportunity for DTCC to support our clients in creating the capital efficiencies necessary for them to free up liquidity to redeploy in other parts of the world where it is needed.

In addition, our 2024 enhanced cross-margining arrangement with CME is optimizing collateral usage and creating on average over 50% in margin savings for users. Just a few weeks ago, we announced that we are further expanding this arrangement to provide increased margin savings and capital efficiencies to end-user clients by December 2025, subject to regulatory approval. We look forward to sharing more details on this work throughout the year.

THE SURGE TOWARD DIGITAL ASSETS

In a relatively short amount of time, our Digital Assets business has raised our standing as a global leader in the development of the digital asset ecosystem. We completed the integration of over 100 Securrency employees into our IT organization in 2024, creating an exceptional team of technologists who share a passion for pushing the limits of innovation in blockchain, a transformative technology that has the potential to make a safe and sound financial services ecosystem even better.

As the year unfolded, we pursued several paths in our multi-pronged digital strategy by bringing to market cutting-edge products and services and driving thought leadership. The rollout of DTCC Digital Launchpad, our industry sandbox for digital asset experimentation and testing, has generated excitement and interest from market participants and is increasingly viewed as the "it" place for effective collaboration.

At its heart, DTCC Digital Launchpad speaks to the fundamental principle that you can't build the digital ecosystem of the future in isolation. The corollary is that you also need expertise. That's why DTCC – with experience in creating systems that are secure and work at scale – is serving as the industry's partner as we create the digital "railroad tracks," helping to ensure that the end result is thoughtful and strategic and creates long-term value for those who have contributed. Launchpad – as well as our most recent solution, ComposerX, which streamlines token creation and settlement – enables participants to co-create solutions and, over time, link them to establish the infrastructure to support a digital financial system.

With that in mind, we published a white paper last May in partnership with Euroclear and Clearstream, which unveiled the Digital Asset Securities Control Principles. This framework offers standards for digital asset utilization by identifying 30 specific risks and 50 controls to mitigate them, ensuring that the environment for digital assets is as safe, stable and trusted as that for traditional securities.

With interest in digital assets surging, we'll continue to galvanize and lead firms on this exciting frontier as we accelerate our efforts to support the industry's digital asset journey.

MODERNIZING OUR TECH STACK

Our ability to execute at the highest levels demands that we have state-of-the-art, resilient and reusable applications that will endure a host of scenarios, including those that could disrupt our operations and the financial markets. We've embedded digitization and innovation into our upgraded applications and enterprise platforms to create consistency and standardization. Modernization will not only improve our clients' experience with DTCC systems, it will also strengthen the flexibility and functionality of our platforms and applications for decades to come.

For the past several years, we've made significant investments in our foundational capabilities across our data and infrastructure to create a common approach to our systems and businesses. We've also taken steps to streamline our client interfaces and provide best-fit solutions that include APIs, messaging and on-demand reporting. By leveraging our partnerships with third-party firms, we'll improve our data and information management and reduce our technology debt. With the underlying work now complete, we're excited to move into the adoption and continuous improvement phases of our program in partnership with our clients.

ACCELERATING INNOVATION

As we modernize our infrastructure, we're instilling a "disrupt ourselves first" mentality within our organization when it comes to applying innovation to our business. With client needs mounting and competition among FMIs, incumbents, fintechs and new entrants intensifying, we must shift our approach to how we serve our clients. Innovation will be the differentiator that will set DTCC apart from our peers and distinguish us as a strategic partner and growth enabler.

For DTCC, innovation is more than an ideation process or adoption of new technology. It's a mindset that challenges our people to think beyond the traditional perimeters of our organization, experiment with new ideas and have the confidence to fail fast before achieving success. We want our teams to act as inventors, pioneers and disruptors of the status quo. Whether it involves optimizing an existing solution or introducing new capabilities and techniques, our innovation efforts will always be purposeful, have a defined business rationale and focus on creating new and incremental value for our clients.

For example, with cloud technology becoming more prevalent, we're committed to breaking new ground by hosting core clearing and settlement applications in the public cloud, pending regulatory approval. We're working closely with our cloud partners to ensure maximum security and resiliency given the critical nature of our responsibilities and the industry's reliance on us to protect global market stability. With the magnitude of this potential change, we've already taken steps to improve our IT processes and upgrade our architecture and capabilities in the cloud environment. This exciting work is leading edge and meets the criteria we set as purposeful, defined and value driven.

OUR AI OPPORTUNITY

While cloud and blockchain will be powerful solutions propelling our business, AI increasingly looks like the technology that will be most transformative because it has the potential to reinvent all stages of the trade life cycle, enhance risk management and improve productivity, among other benefits.

We're currently advancing a number of initiatives to use AI where it's strategically beneficial to our firm and our clients. In addition, we're leveraging our position as a global leader to drive open-source solutions to solve capital markets' issues and foster innovation through industry-wide showcases and hackathons.

Among our AI efforts, we've adopted new enterprise tools that will help employees work more efficiently and productively. We're also investing significantly in AI upskilling, having launched an AI Accelerator program to help leaders drive AI adoption across the firm. More broadly, we've made available over 300 online AI courses to help every colleague at our firm become familiar with AI and know how to use it in a safe and compliant manner.

Guiding us through these efforts is our cross-functional internal AI Council, which shapes our AI strategy and execution, and our AI Enablement Team, which advances our onboarding and adoption of AI technologies in adherence with our AI policies. Both groups work to ensure that our use cases are aligned to the four key pillars of our AI strategy – to optimize productivity, elevate the client experience, enhance risk mitigation and advance research and development. While full-fledged adoption of AI is part of a larger and more visionary transformation for our industry, we're taking disciplined steps to adopt AI responsibly as we consider opportunities to reimagine our business and all aspects of trading in the global financial markets.

OUR CULTURE OF EXCELLENCE

None of our achievements in 2024 could have been possible without the outstanding efforts of our people, to whom we owe a significant debt of gratitude. As our organization continues to grow and evolve, the future of DTCC rests in the hands of our next generation of enterprise leaders.

Last year, we kicked off a longer-term transformation of performance management by, among other efforts, defining what embodies "great leadership," which resulted in new tools to enable leaders at all levels of the organization. Our refreshed DTCC Leadership Expectations identify the behaviors that create a culture of accountability, performance and client-centricity. And our Senior Leader Success Profile defines the capabilities, mindsets and traits that we look for in our executives, in addition to exceptional domain expertise.

Our employees also need tangible resources that set them up for success. We continue to offer on-demand and scheduled learning resources, professional development programs and career mobility opportunities that nurture strong leaders with institutional and industry knowledge. It's essential for our people to have a work environment where they can thrive, which is why we've also invested in our workspaces and productivity tools to strengthen connectivity and engagement. Our modern, tech-enabled offices foster collaboration while also supporting workplace sustainability and talent recruitment. We're committed to empowering our global team with the training, development and resources they need to be successful.

A FUTURE FILLED WITH PROMISE

Our corporate goals are bigger, bolder and more transformational than at any other time in our company's history. Today, we stand at the forefront of some of the most impactful work occurring in the industry. The initiatives we're leading are ambitious in nature, and they will deliver incredible value to our clients and the markets over time.

DTCC's longevity and trusted reputation have been earned through the commitment of every individual who has worked for and supported our organization. I'm deeply grateful to the DTCC Board of Directors, the Executive Committee and our employees for their partnership and contributions this year. I would like to thank Kevin Kessinger, our Non-Executive Chairman, for his leadership and guidance to the Board. I'd also like to recognize Lori Hricik, who retired from the Board at the end of 2024 after more than 14 years of dedicated service. In addition, I thank Debbie Cunningham, Craig Messinger and Andrea Pfenning, who stepped down from the Board at the end of March. They have provided invaluable counsel and insight to the Board's discussions. I'd also like to welcome our new Directors, Cenk Kamis and Laide Majiyagbe, who joined the Board a few weeks ago. We look forward to their participation and expert perspective.

To our clients and stakeholders – thank you for your collaboration and trust in our firm to protect your assets and the stability of the financial markets. We're committed to elevating our support for you and outperforming your expectations of us as a strategic partner.

As I look ahead, I am reminded of sage advice offered many years ago by U.S. President Dwight D. Eisenhower: "Neither a wise man nor a brave man lies down on the tracks of history to wait for the train of the future to run over him." 2025 will be a pivotal year for DTCC, and I can assure you that we are proactively charting our course and have a clear vision of our path forward. On behalf of all of us at DTCC, I look forward to pursuing the exciting opportunities in front of us together.

Frank La Salla
President, Director and Chief Executive Officer

Investing and Delivering for Our Clients

DEAR STAKEHOLDER,

A resilient U.S. economy combined with subsiding inflationary concerns in 2024 provided the backdrop for strong corporate earnings, driving equity markets to new heights.

The U.S. equity market performed exceptionally well, as the S&P 500 index reached record highs and the Treasury markets demonstrated strength despite periodic volatility, contributing to growing revenue in DTCC's clearance and settlement services businesses.

DTCC achieved steady earnings performance this year while investing in significant industry initiatives, delivering capabilities to support the implementation of the U.S. T+1 settlement cycle and preparing for the Securities and Exchange Commission's (SEC) rule on U.S. Treasury Clearing, while continuing to modernize our technology infrastructure to better serve our clients.

For the year, DTCC's consolidated financial statements show net income of $482 million, up 6% compared to $453 million in 2023. The increase in net income is primarily attributable to operating income, which was $428 million vs. $324 million in 2023, primarily driven by higher clearing services revenues as a result of strong stock market performance and higher transaction volumes. DTCC revenue reached $2.49 billion in 2024, which is 11% higher than prior-year revenue of $2.25 billion.

TOTAL REVENUE

(IN THOUSANDS)

2024

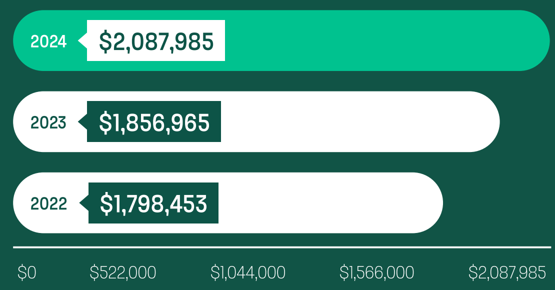
$2,485,973

2023	2022
$2,245,902	$2,163,269

CLEARING & SECURITIES SERVICES

(IN THOUSANDS)

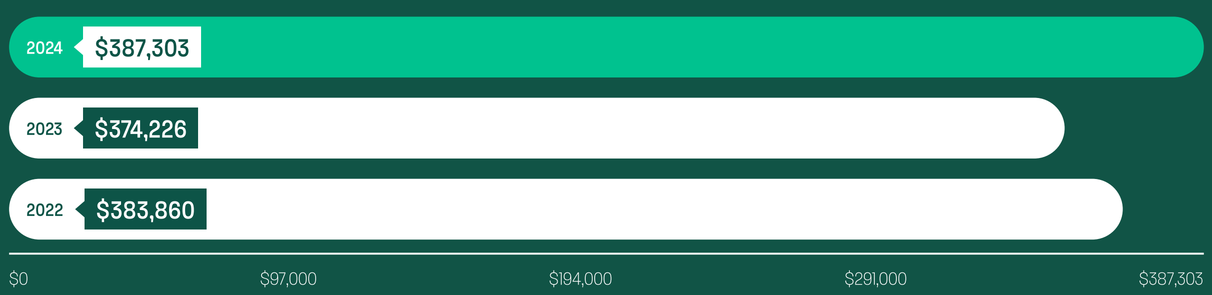
$2,087,985



DATA AND OTHER SERVICES

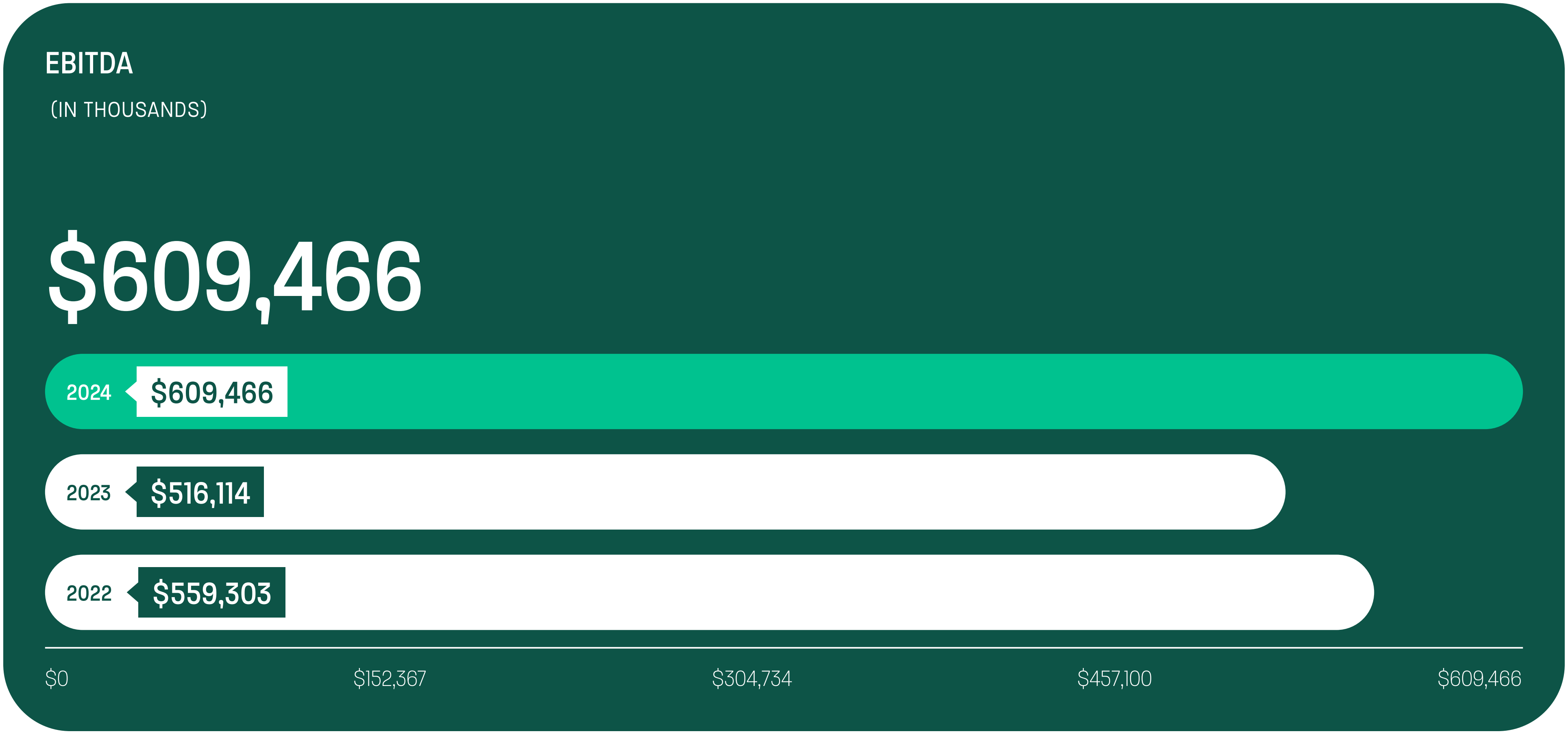
(IN THOUSANDS)

$387,303



EARNINGS PERFORMANCE

Total EBITDA (earnings before interest, tax, depreciation and amortization) was $609 million, $93 million or 18% above the prior year of $516 million. Increased revenue performance contributed to the increase in EBITDA, primarily due to higher market volumes, which were partially offset by an increase in expenses for investments in industry initiatives.

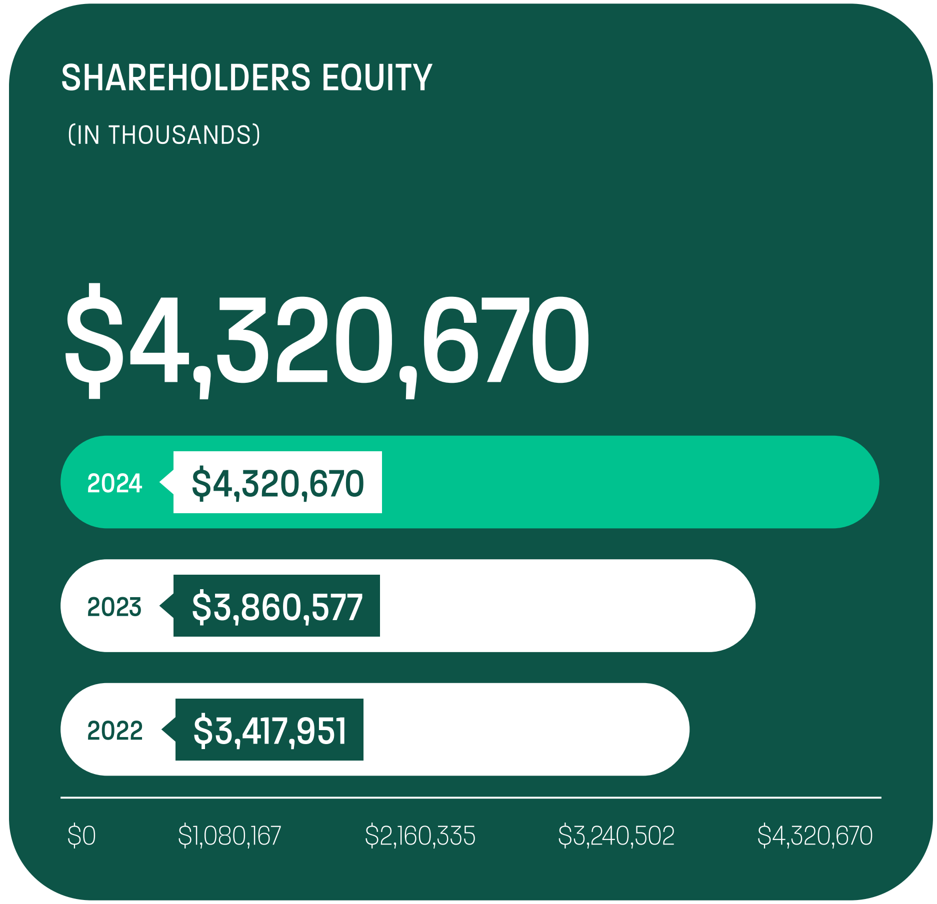


BALANCE SHEET AND LIQUIDITY

Consistent with the need to comply with applicable regulatory capital and liquidity requirements, DTCC holds financial resources based on internal risk assessments to absorb potential stress and provide the financial stability and resiliency required to safeguard the industry as a critical market infrastructure provider. Our robust balance sheet enables us to source liquidity for clearing and settlement purposes. We maintain a robust and diverse liquidity portfolio consisting of pre-funded and committed resources. Reliable access to liquidity in various market conditions is our top priority. To achieve this, we diversify the portfolio with respect to duration as well as from numerous liquidity providers in different financial and geographical markets. This includes the commercial paper market, investment grade debt capital markets and the syndicated loan market as well as directly from our participants.

The largest components of our balance sheet are the default management and liquidity resources, which are available in the event of a clearing member default, during which the clearinghouse would need to facilitate settlement. These resources include the Participant and Clearing Funds as well as proceeds from the issuance of commercial paper and senior notes.

Looking ahead, we anticipate that U.S. trade policy, macroeconomic and geopolitical uncertainties will significantly influence market behavior. The global dynamic shows a resilient U.S. economy with areas of potential weakness, while China and Europe face economic challenges. U.S. import tariffs add to the uncertainty for firms making long-term investments, and the Federal Reserve is expected to take a slower approach to monetary policy. Consequently, equity markets are likely to remain volatile due to high valuations and rising bond yields. For DTCC, our financial stability and fiscal discipline position us well to continue to deliver resilient services to our clients while making strategic investments that will drive value for the industry.



Renee LaRoche-Morris
Chief Financial Officer

Delivering Value

Throughout the year, DTCC delivered maximum value to the industry through bold leadership, innovative products and services and an unwavering commitment to serving our clients.

Total Value of Securities Processed

(IN QUADRILLIONS)

$3.80

2024	$3.80
2023	$3.00
2022	$2.50

Asset Services

NUMBER OF ACTIVE SECURITY ISSUES HELD AT DTCC

(IN MILLIONS)

1.42

2024	1.42
2023	1.40
2022	1.40

National Securities Clearing Corporation

AVERAGE DAILY VALUE OF NSCC TRANSACTIONS PROCESSED

(USD IN TRILLIONS)

$2.219

Settlement

TOTAL VALUE OF TRANSACTIONS SETTLED

(USD IN TRILLIONS)

$525

2024	$525
2023	$446
2022	$462

Fixed Income Clearing Corporation

In 2024, DTCC played a crucial role in advancing U.S. Treasury clearing. DTCC continued to elevate its role as an industry leader by collaborating closely with industry stakeholders to prepare for the implementation of the SEC's U.S. Treasury Clearing rule.

STRENGTHENING THE U.S. TREASURY MARKET

The U.S. Treasury market, the largest and most liquid sovereign debt market, saw significant growth in clearing volumes in 2024, with DTCC's Fixed Income Clearing Corporation's (FICC's) Government Securities Division (GSD) reaching a new record for daily activity, surpassing $10 trillion. Mandatory central clearing for U.S. Treasury securities and repo transactions moves from a decentralized system to a centralized one, impacting liquidity, risk and market dynamics. It reduces counterparty risk, enhances resilience and improves stability by centralizing clearing and settlement. On a daily basis, we save the financial industry over $700 billion on the balance sheet through our FICC Sponsored Service and achieved over $900 billion on the balance sheet at the end of 2024.

DTCC took several key steps to support clients in improving post-trade efficiency and preparing for the upcoming U.S. Treasury Clearing rule changes in 2026 and 2027.

ENABLING CROSS-MARGINING OPPORTUNITIES

In January 2024, our enhanced cross-margining arrangement with CME Group went live, enabling capital efficiencies for clearing members trading U.S. Treasury securities and CME Group Interest Rate futures. This new arrangement helps make trading more efficient and cost-effective, contributing to a more efficient U.S. Treasury marketplace and creating on average over 50% in margin savings for users.

ADDING RISK MANAGEMENT TOOLS

To support firms as they consider their options for access to central clearing, FICC launched a public-facing Capped Contingency Liquidity Facility (CCLF) Calculator and Value-at-Risk (VaR) margin calculator. These risk management tools provide greater transparency and support to firms as they evaluate the different types of membership and clearing models with GSD.

MBSD TOTAL $ VALUE IN NET

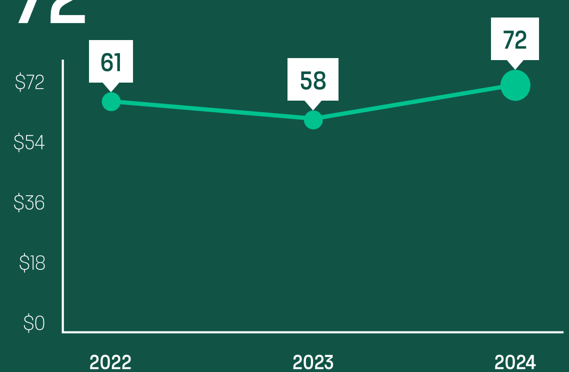
(IN TRILLIONS)

$72

MORTGAGE-BACKED SECURITIES: PAR VALUE NETTING DESTINED

(IN TRILLIONS)

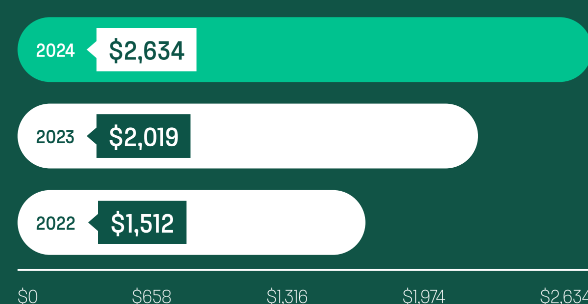
72



GOVERNMENT SECURITIES DIVISION: TOTAL $ VALUE IN NET

(IN TRILLIONS)

$2,634



Institutional Trade Processing

Institutional Trade Processing (ITP) played a crucial role in enabling T+1 in the U.S. and North America by helping clients adopt no-touch processing solutions through Central Trade Matching® (CTM), TradeSuite ID® and ALERT® for efficient trade confirmation and affirmation, electronic Standing Settlement Instructions (SSIs) and providing data analytics through tools like the T+1 scorecard.

REACHING HIGHER AFFIRMATION

Due to the tighter timeframe of a T+1 settlement cycle, the affirmation process was a key initiative ahead of May's implementation. Ahead of T+1 implementation, we saw an opportunity to improve how the industry operates. By focusing on automation and standardization through CTM and TradeSuite ID, along with reinforcing cut-off times, industry affirmation rates improved to nearly 96%., compared to 84.5% pre-T+1. Prime broker and auto-affirmation rates also remained robust at 99% and 98%, respectively.

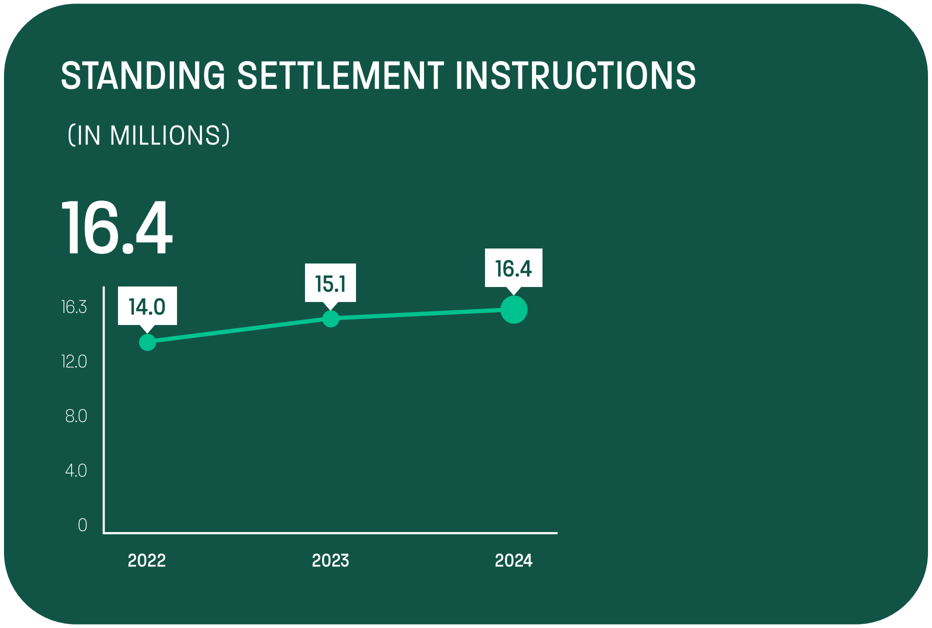
CLIENT CENTRICITY

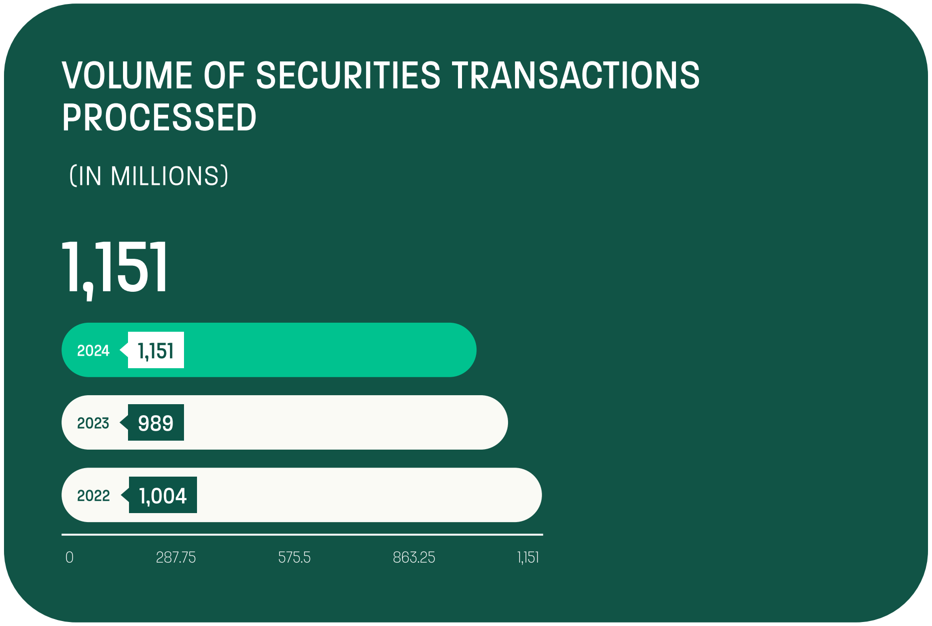
The team made significant efforts to expand the ITP ecosystem, setting up over 3,300 TradeSuite IDs in 2024, a substantial increase from the previous year. Client Tabletop sessions were held to evaluate the impact of delays on clients' systems and processes in a T+1 environment, receiving positive feedback from participants. To help clients prepare for the SEC's expanded

Registered Investment Advisors recordkeeping requirement, ITP launched Trade to Archive to help CTM and TradeSuite ID clients search and retrieve records from one central repository.

GROWTH & INNOVATION

ALERT grew the number of standing settlement instructions (SSIs) in its database to nearly 16.4 million including 2.7 million FX/Cash, SSIs. ITP also advanced growth strategies for CTM and ALERT through partnerships with key firms. ITP made significant progress against its modernization efforts with CTM's operational rotation on track for June 2026. ITP also made significant progress on the CTM for Prime Broker (PB) workflow through 2024, with four prime brokers signed to the service. CTM for PB introduces a tri-party matching process that allows PBs to receive real-time trade notifications from hedge funds via CTM, to allow them to capture transactions and manage operational and settlement risk in real time. Strategically the CTM PB workflow will evolve to help unlock clearing and CCP connectivity opportunities across non-US securities markets, which will provide our clients additional opportunities to navigate global accelerated settlement cycles.





National Securities Clearing Corporation

In 2024, the North American market transitioned to a T+1 settlement cycle, marking a significant change in market structure with benefits like an increase in market liquidity, a reduction in operational and systemic risks, and a decrease in the NSCC clearing fund.

T+1 IMPLEMENTATION

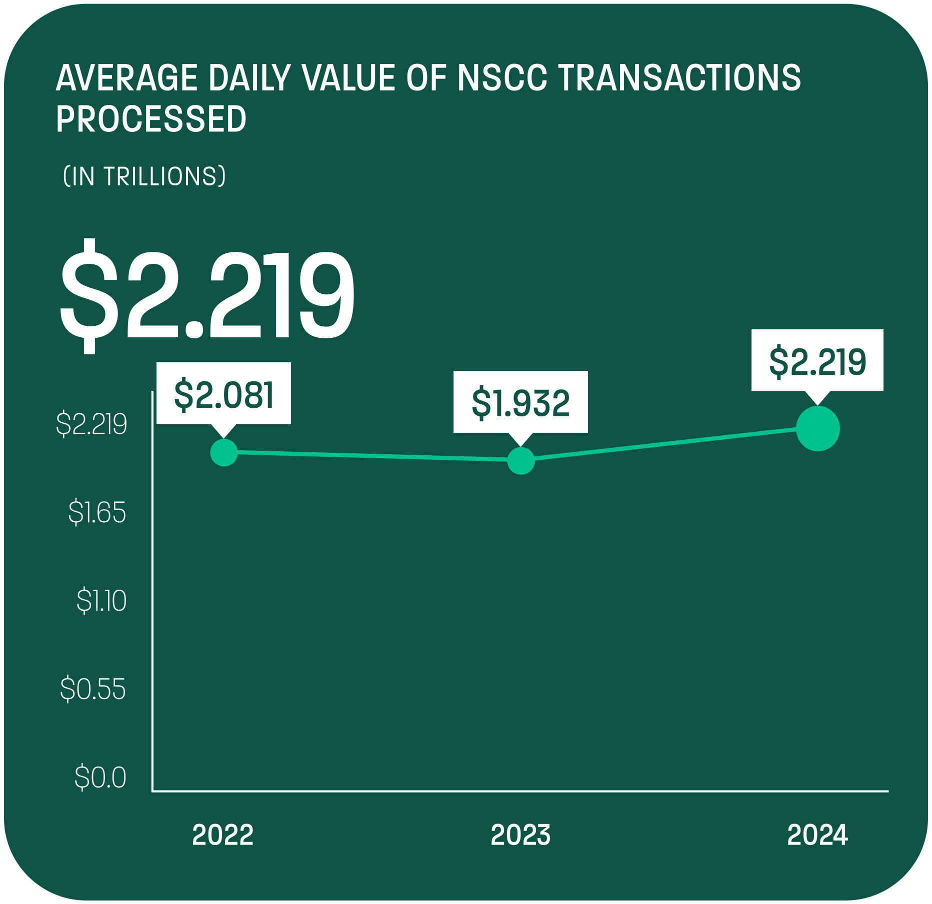
The successful implementation of the T+1 settlement cycle across North America for U.S. cash equities, corporate debt and unit investment trusts led to a significant decrease in the NSCC Clearing Fund, reducing it by an average of $3.0 billion (23%) from the prior three-month average value and leading to increased operational efficiency and reduced risk for market participants.

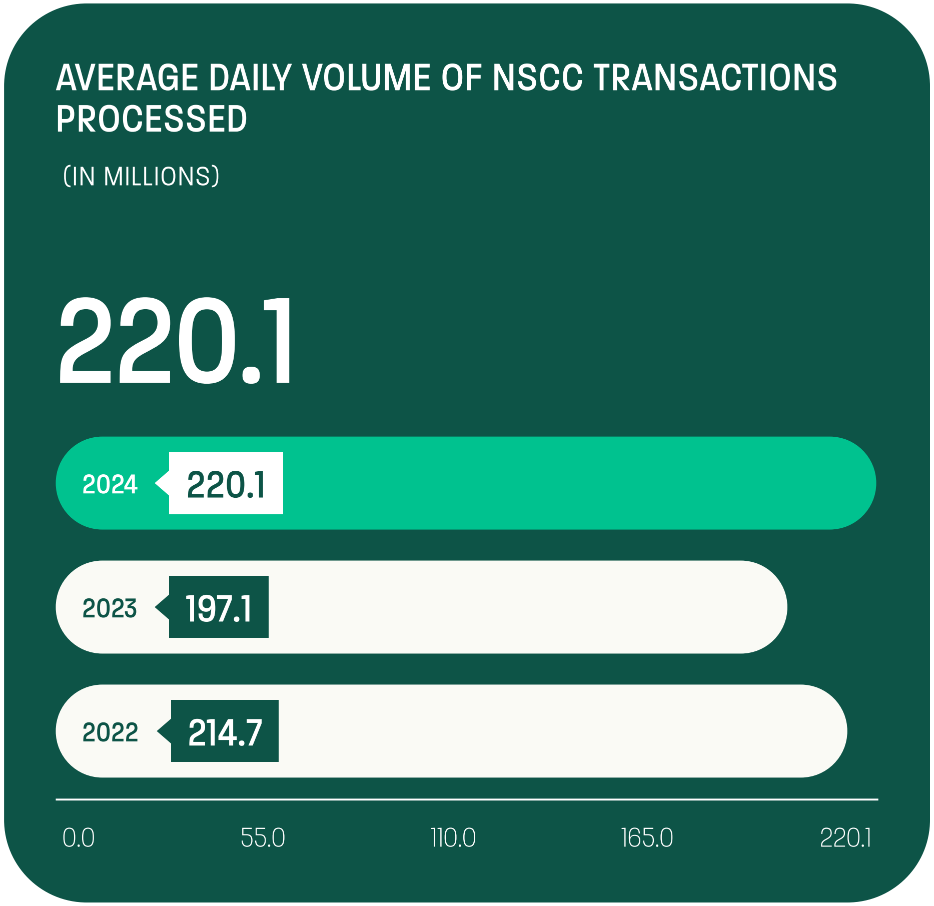
TRACTION WITH SFT

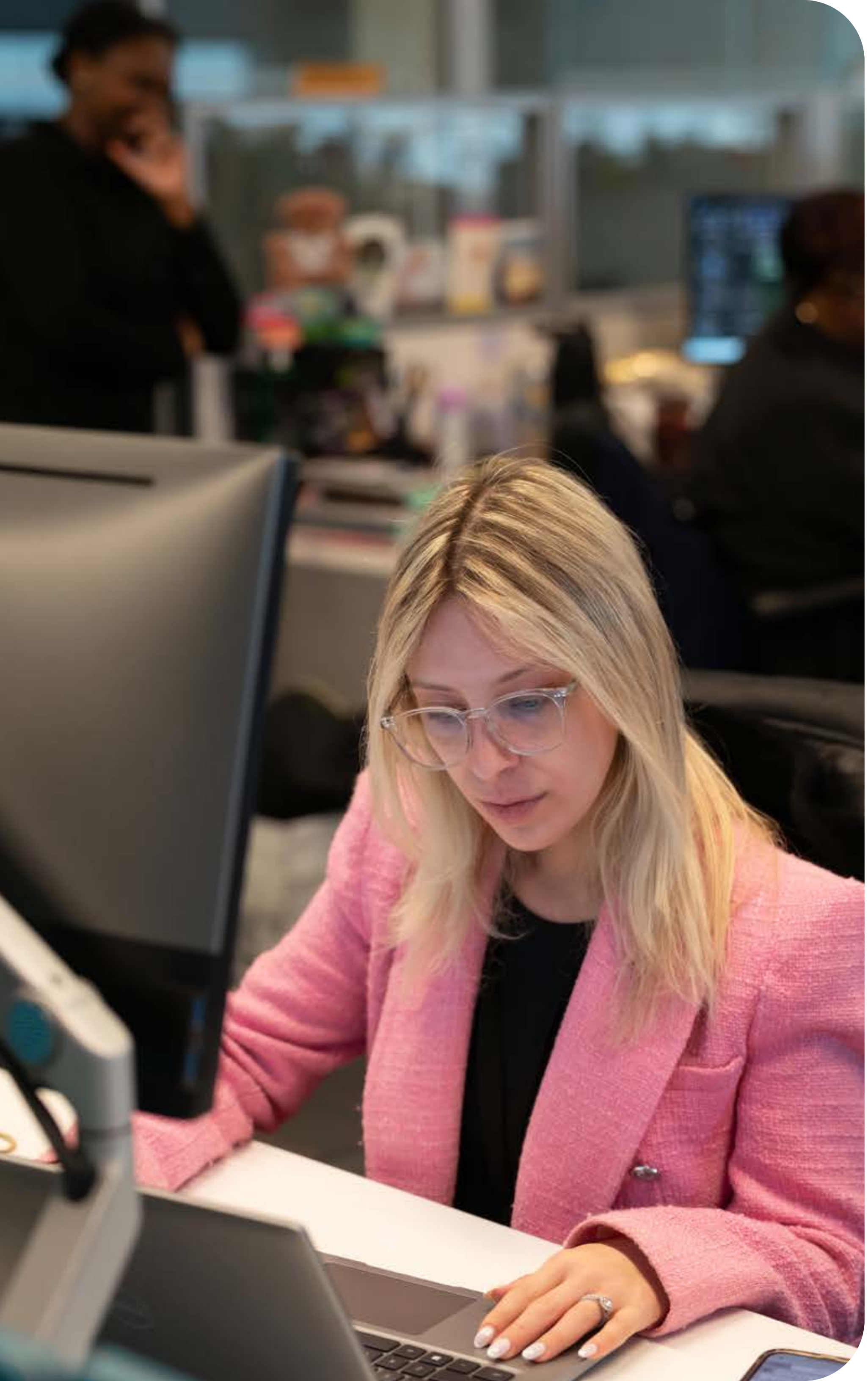
In mid-2024, with the cooperation of Provable Markets (an Automated Trade Submitter), NSCC completed the first novation of a pre-existing bilateral stock loan utilizing NSCC's Security Financing Transaction Service (SFT). In the first use case, an outstanding bilateral transaction was routed through the ATS to NSCC's SFT clearing service for novation and processing. This transaction was completed without having the borrower return the underlying security back to the lender through DTC.

ACATS' ADVANCED CLIENT INTERFACES

The new advanced client interfaces allow firms to process account transfers. The transition to new communication protocols adds flexibility and speed to market for business expansion, marking the beginning of an incremental approach to the modernization of this critical industry service. The new client interfaces use standard JavaScript Object Notation (JSON) message formats that replace current fixed and variable formats.







Wealth Management Services

In 2024, DTCC's Wealth Management Services (WMS) continued to help the mutual funds, alternative investment, insurance and retirement markets evolve while enabling clients to utilize centralized, automated processing and information services to reduce risks, lower costs and deliver operational efficiencies.

REGULATORY COMPLIANCE

Mutual Fund Services (MF) helped clients navigate the transition to a T+1 environment in the first half of 2024 by implementing updates to align with the shortened settlement cycle. MF also implemented enhancements to address both Money Market Reform and SECURE 2.0 regulatory requirements, providing clients with solutions to fulfill their regulatory obligations.

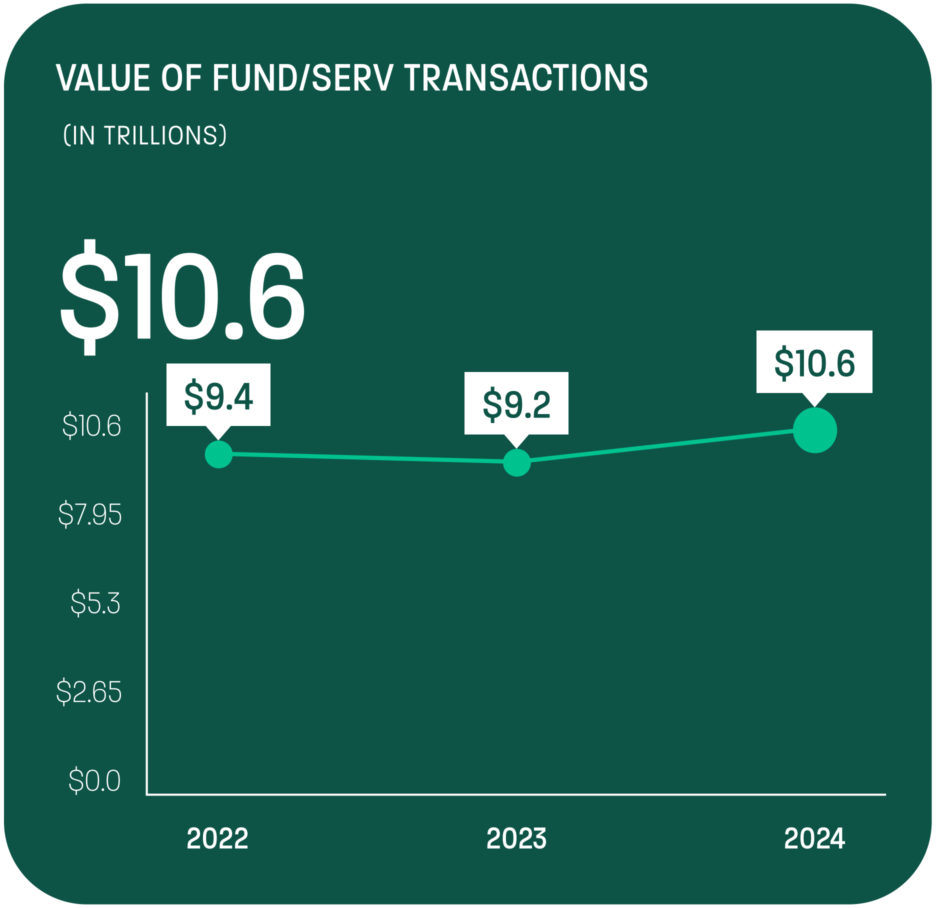
ENHANCING DIGITAL CAPABILITIES

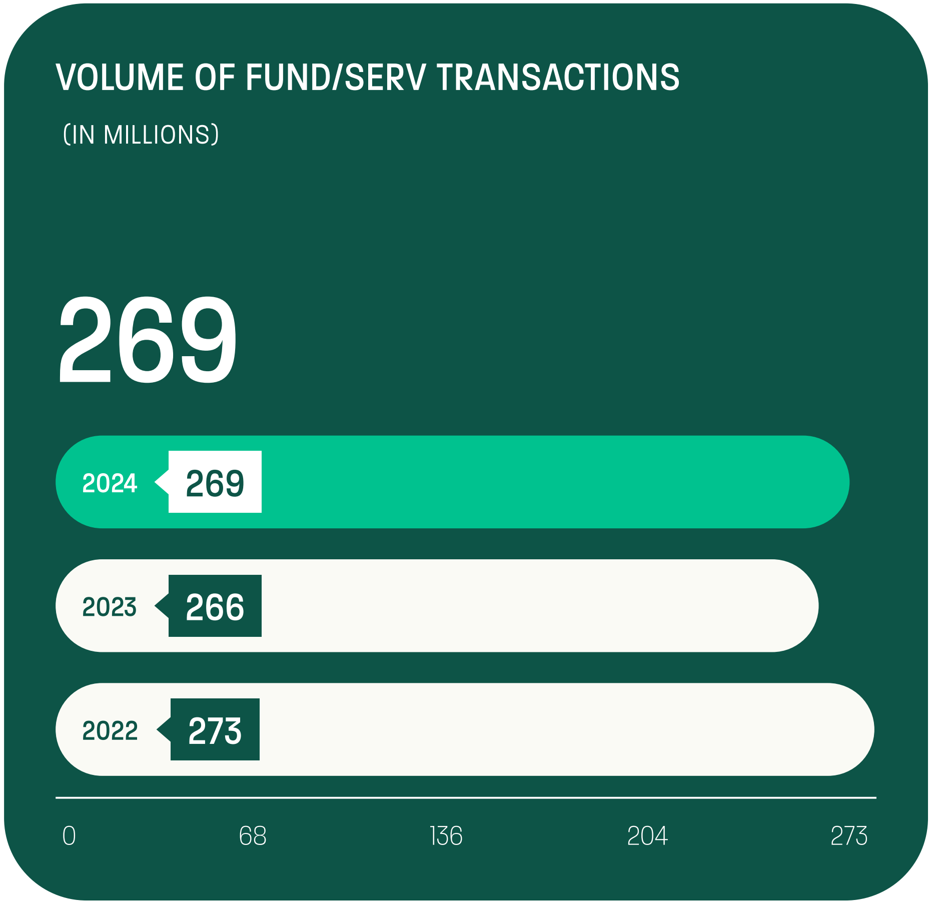
Insurance & Retirement Services (I&RS) launched three new API services in conjunction with the Insured Retirement Institute's (IRI's) Digital First for Annuities initiative. Activity Status Tracking (ACT), a real-time status request and response API messaging service, centralizes status messaging to increase efficiency, streamline processes and mitigate risk. Producer Authorization (PAR) service is a standardized method for insurance vendors and distributors to communicate with carriers to verify producers' credentials, which is mandatory for selling insurance products. Finally, Paperless Replacements Processing (RPL) facilitates and automates the 1035 exchange/transfer replacements process without the need for sharing documentation.

INNOVATION & GROWTH

Alternative Investment Product Services (AIP) was created to modernize and transform the alternatives industry with a centralized, universal standard for processing, reporting and settling transactions. AIP reached a significant milestone of 2,500 unique clients in 2024, showcasing the value of the service through lower risks and costs by removing manual transactions, standardizing data and accelerating the processing lifecycle in alternative investments.

MUTUAL FUNDS

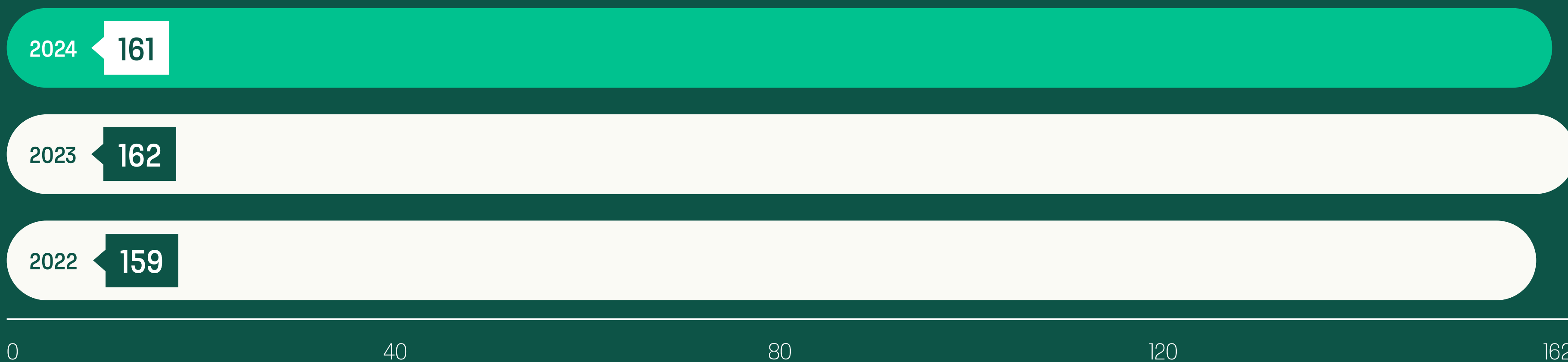




DEFINED CONTRIBUTION CLEARANCE AND SETTLEMENT (YEARLY VOLUME)

(IN MILLIONS)

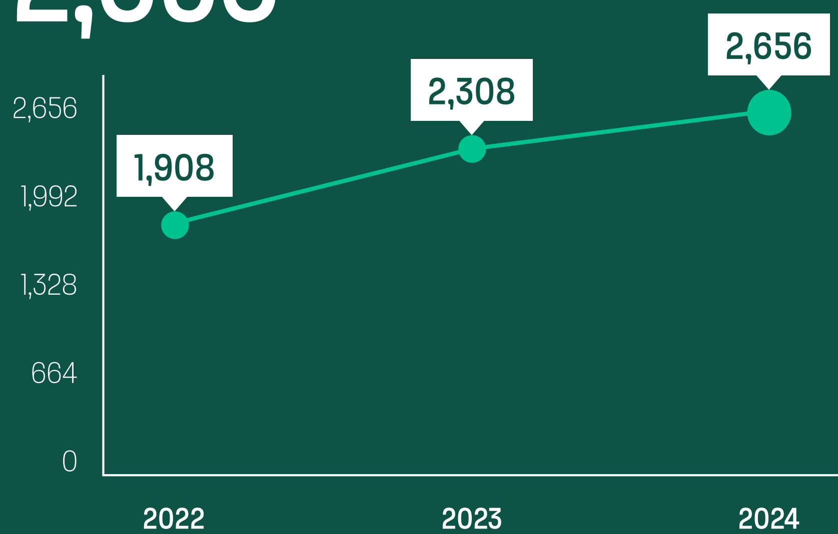
161



ALTERNATIVE INVESTMENT PRODUCTS

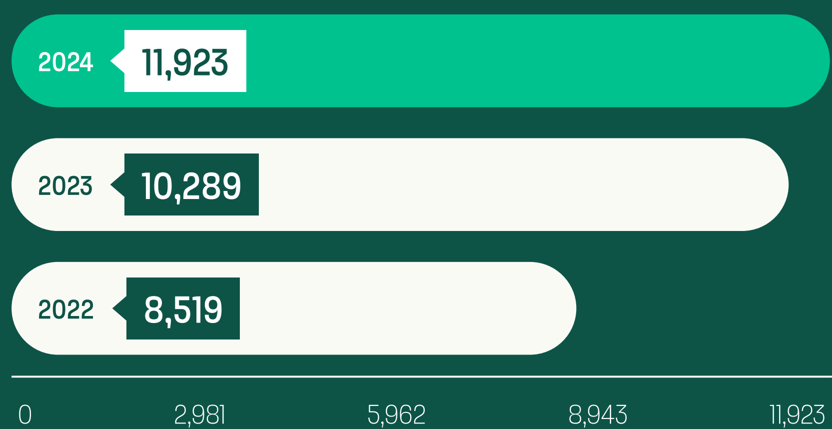
CLIENTS

2,656

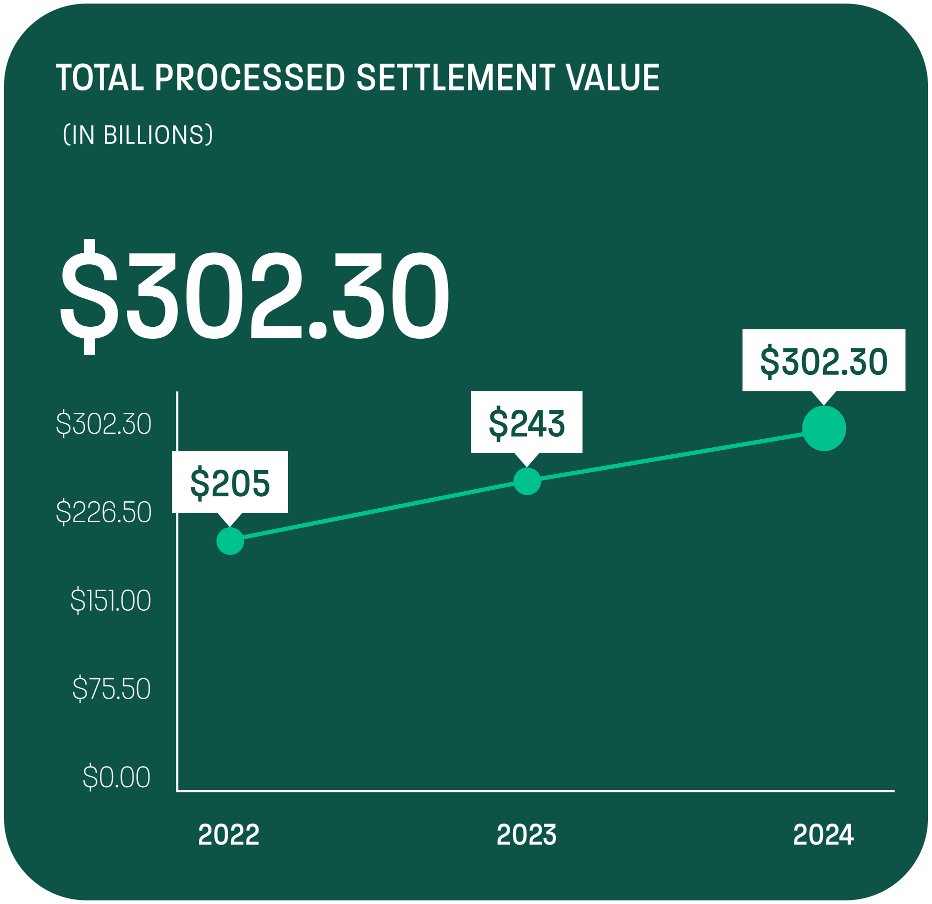


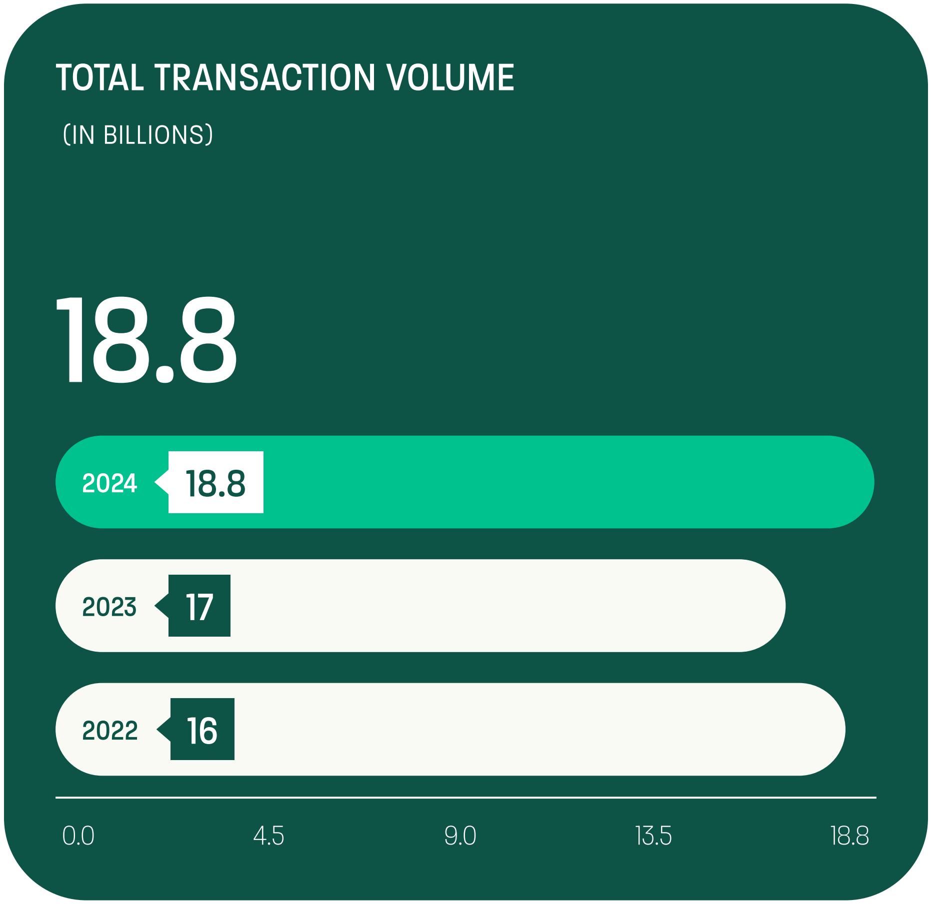
UNIQUE FUNDS

11,923



INSURANCE & RETIREMENT SERVICES





Repository & Derivatives Services

In 2024, DTCC's Repository & Derivatives Services achieved key milestones to help the financial industry manage regulatory changes, highlighting our commitment to offering innovative solutions for trade reporting and derivatives contract management.

GTR DELIVERS MAJOR RULE REWRITES

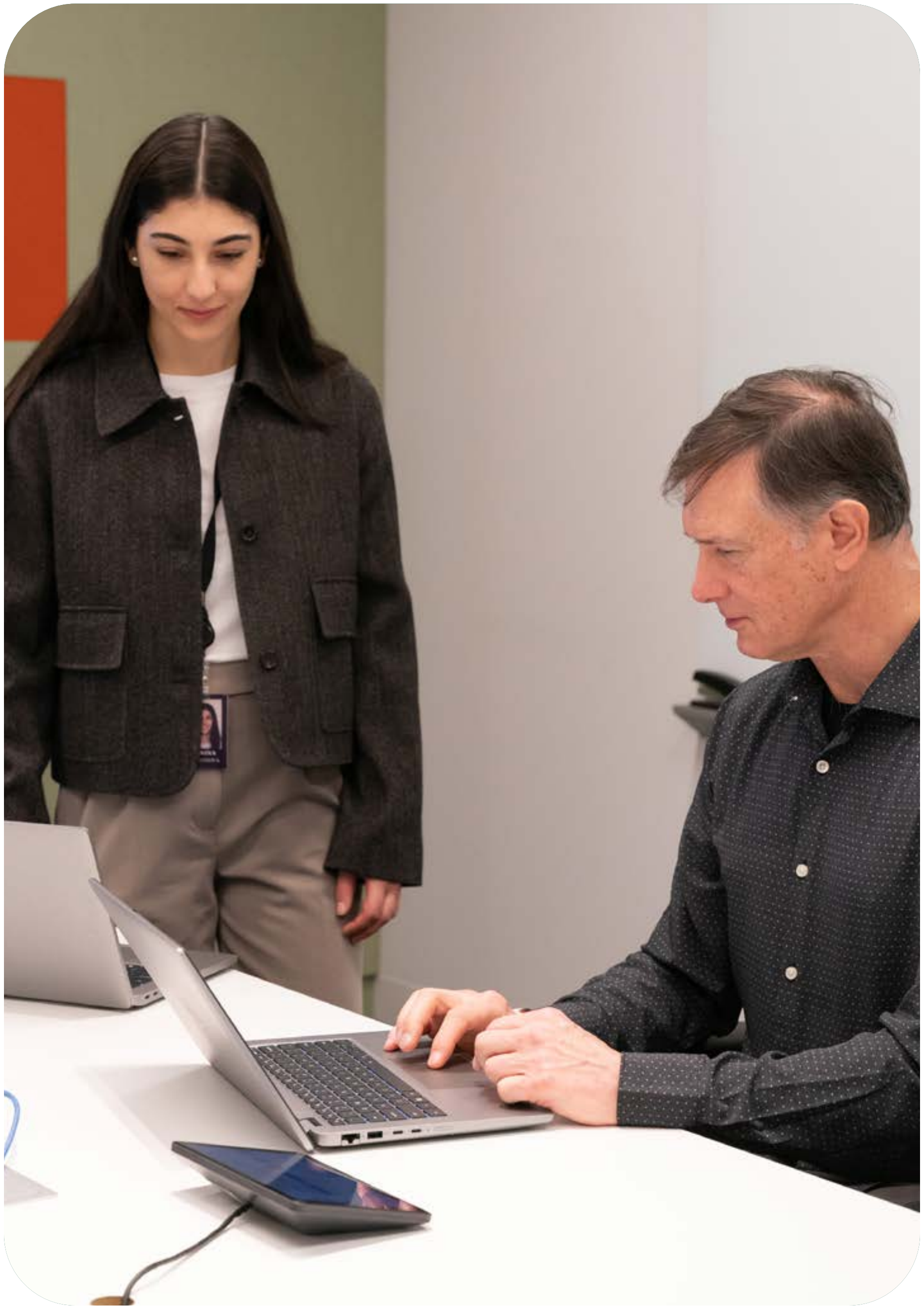
DTCC's Global Trade Repository (GTR) service successfully implemented major global rules rewrites and refits in 2024, including NoA Rewrite Phase 2, JFSA Rewrite, EU EMIR Refit, UK EMIR Refit, MAS and ASIC. Supporting an extremely comprehensive global program of regulatory change, we opened industry testing six months before the compliance dates, affording clients the greatest possible opportunity to complete comprehensive testing and achieve successful go live. We continued to educate the industry on these rule revisions through various client forums held across jurisdictions, promoting a better understanding of the forthcoming changes and associated impacts and facilitating overall readiness. During this significant period of regulatory change, we have also been investing in technology modernization to continue to improve our data processing capabilities and reduce cost for the industry. We upgraded our trade repository platform and migrated our data storage to Snowflake to handle data more efficiently and at scale.

In our journey to build the future state of GTR, we have enhanced our infrastructure and implemented a best-in-class governance and collaborative structure to create efficiencies that:

- Reduce redundancies by working with various global stakeholders
- Drive faster issue and query resolution
- Promote innovation and strengthen resiliency
- Improve the delivery of high-quality codes
- Increase release management efficiency

TRADE REPORTING ANALYTICS

In January 2024, DTCC introduced Trade Reporting Analytics (TRA), a groundbreaking tool designed to revolutionize the way our Global Trade Repository (GTR) clients understand and analyze their reported data across all global derivatives and securities finance reporting regimes. TRA offers a unique set of features that deliver unparalleled insights. At its core, the tool leverages an intuitive, self-service portal that provides users the ability to assess their own reported trade and transaction data accuracy. With a growing library spanning hundreds of data insights, including many that were specifically introduced to provide greater clarity throughout 2024's EMIR Refit process, such as the ESMA Errors & Omissions dashboard, our clients can easily identify, assess and address data accuracy issues.



Data Services

In today's rapidly evolving financial landscape, the integration of advanced data solutions and innovative technology has become paramount.

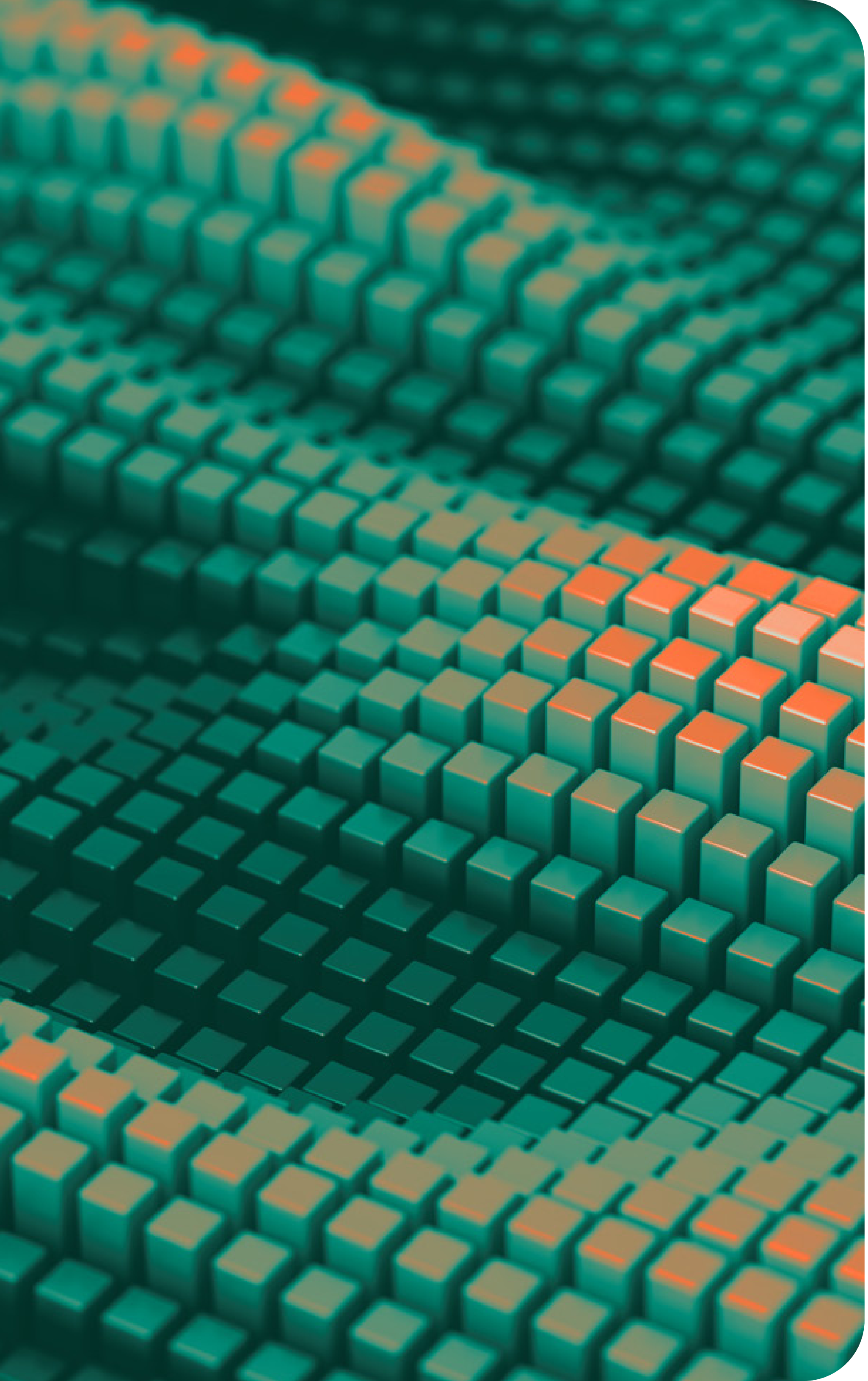
DTCC Data Services stands at the forefront of this transformation, providing unparalleled insights and analytics to help firms navigate market volatility, optimize operational processes and make informed strategic decisions. Leveraging sophisticated quantitative methods, financial engineering and data science, DTCC's solutions empower participants and stakeholders with the tools necessary to achieve greater efficiency, transparency and risk management in an increasingly complex market environment.

ADVANCED DATA SOLUTIONS

DTCC Data Services achieved significant advancements by modernizing our ability to capture and deliver data in cloud-based data exchanges. Key accomplishments include expanded adoption of our corporate actions and reference content by global market data providers and designed new services targeting ETF and fixed income markets.

ACCESSING EXPANDED DATA

In October, DTCC launched an enhanced fixed income security master file data offering, known as Corporate Fixed Income Premium Intraday Reference Data. This enhancement allows firms to access an expanded data set on a timelier basis, reducing front- and back-office friction, improving operational processes and enabling better trading decisions.



DTCC Digital Assets

> DTCC Digital Assets leads institutional adoption of digital technology, focusing on innovation, security, and soundness.

TOKENIZATION OF PRIVATE ASSETS

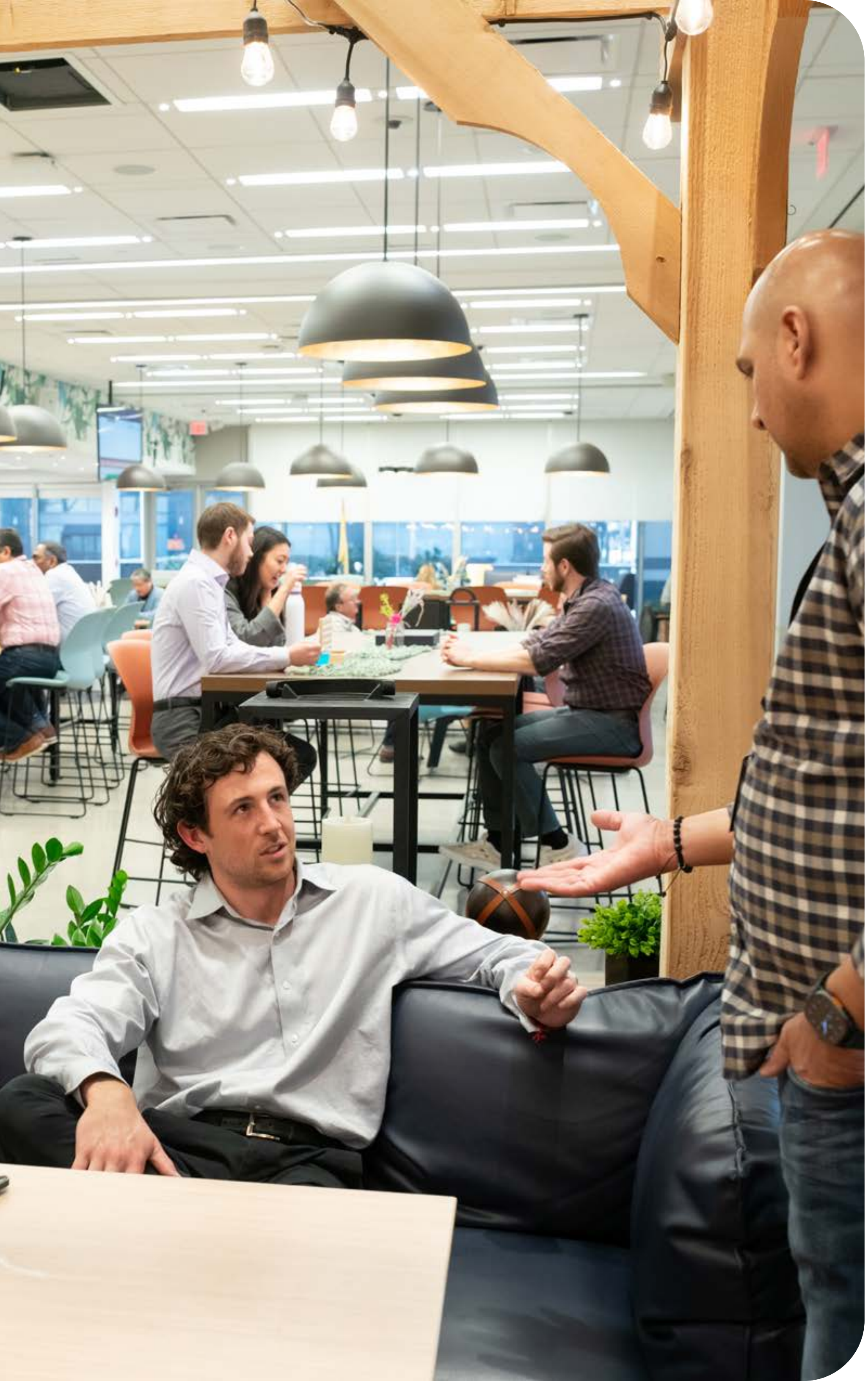
DTCC Digital Assets partnered with Citi, Wellington Management and WisdomTree in a Proof of Concept (POC) to demonstrate that tokenization, smart contracts and blockchain interoperability can enhance liquidity and automate end-to-end processes such as lending and collateral management.

BUILDING THE DIGITAL ASSET ECOSYSTEM

DTCC, Clearstream and Euroclear, in partnership with Boston Consulting Group (BCG), published a white paper unveiling the Digital Asset Securities Control Principles to guide and support the industry in establishing a safe and sustainable ecosystem for digital assets. This framework outlines six principles for effectively adopting and utilizing tokenized securities, focusing on legal certainty, regulatory compliance, resilience and security, safeguarding customer assets, connectivity and interoperability and operational scalability.

LAUNCHING THE LAUNCHPAD

In October, we announced DTCC Digital Launchpad, an industry sandbox that brings market participants together to collaborate, test and experiment with digital asset proofs of concept. This solution fosters an environment where stakeholders work together to solve common challenges to digital asset adoption and utilization and advance collective efforts to build a secure and efficient digital market infrastructure.



Consulting Services

In 2024, DTCC Consulting Services refreshed its strategic approach and operating model to transform the business to meet the growing need from financial firms for specialized and expert guidance to navigate a wide range of complex and dynamic regulatory and operational issues.

KEY FOCUS AREAS

As one of the industry's most regulated financial services firms globally, DTCC has a deep understanding of the regulatory environment and how to efficiently achieve compliance. With that as a backdrop, DTCC Consulting Services focused its efforts on four key areas: supporting regulatory change, enhancing trade lifecycle efficiency, servicing the burgeoning sectors of data and digital assets and providing remediation services to resolve issues following the implementation of new rules.

THE MOVE TO T+1

During the year, DTCC Consulting Services played a pivotal role in helping clients transition to a T+1 settlement cycle in North America. Leveraging our team's deep domain expertise and knowledge, we provided detailed impact assessments, counterparty analysis, guided firms through outage scenario exercises and assisted with project design and execution. These efforts enabled a smooth and seamless conversion for our clients. Having led the industry through this historic market structure change, the business will continue to serve as a strategic partner and advisor to firms as the UK and EU advance plans to accelerate their own settlement cycles by October 2027.

REGULATORY CHANGE SUPPORT

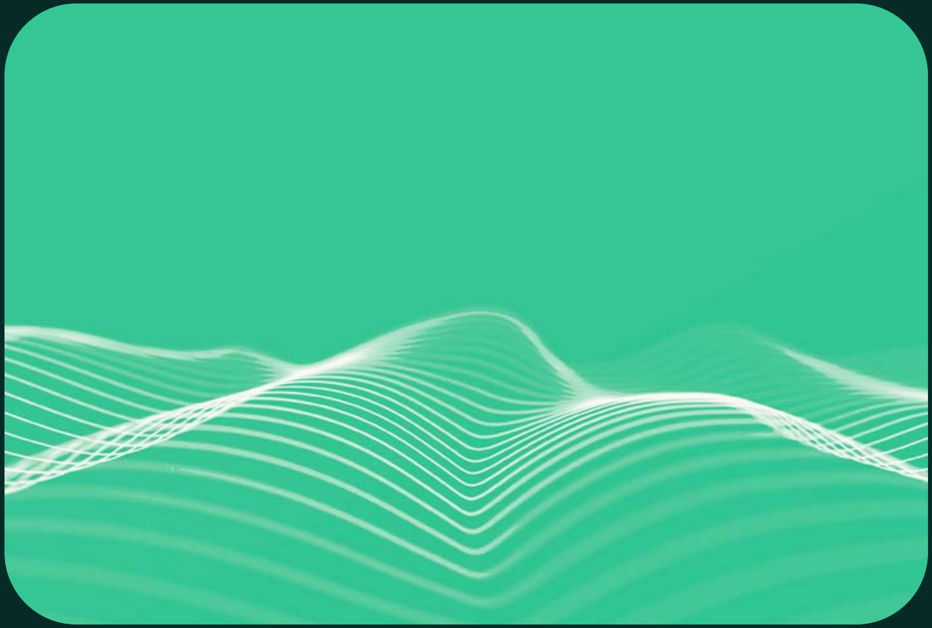
Another area of achievement last year was helping clients maintain compliance in the rapidly changing world of derivatives regulatory reporting as major global rules rewrites and refits went live, including NoA Rewrite Phase 2, JFSA Rewrite, EU EMIR Refit, UK EMIR Refit, Monetary Authority of Singapore (MAS), and Australian Securities & Investments Commission (ASIC). Our role as practitioners in the market is unique, allowing our team to provide comprehensive regulatory change support to enable firms to review and optimize their reporting controls and processes across their end-to-end compliance journeys.

WHAT'S AHEAD

With momentum established in 2024, DTCC Consulting Services will expand its activities to include helping clients prepare for the implementation of the U.S. Treasury clearing requirement in 2026 and delivering new capabilities to support the industry on advancing adoption of digital assets. More broadly, we'll also continue to leverage technology, data and AI to make the markets smarter and more efficient, driving innovation and achieving optimum performance.

Insights into Action

Standing at the center of global trading activity, we put our clients at the center of our focus and turn insights into positive action.



94.55%

Affirmation Rate for T+1
as of May 29, 2024

Architecting a Dynamic Financial Ecosystem

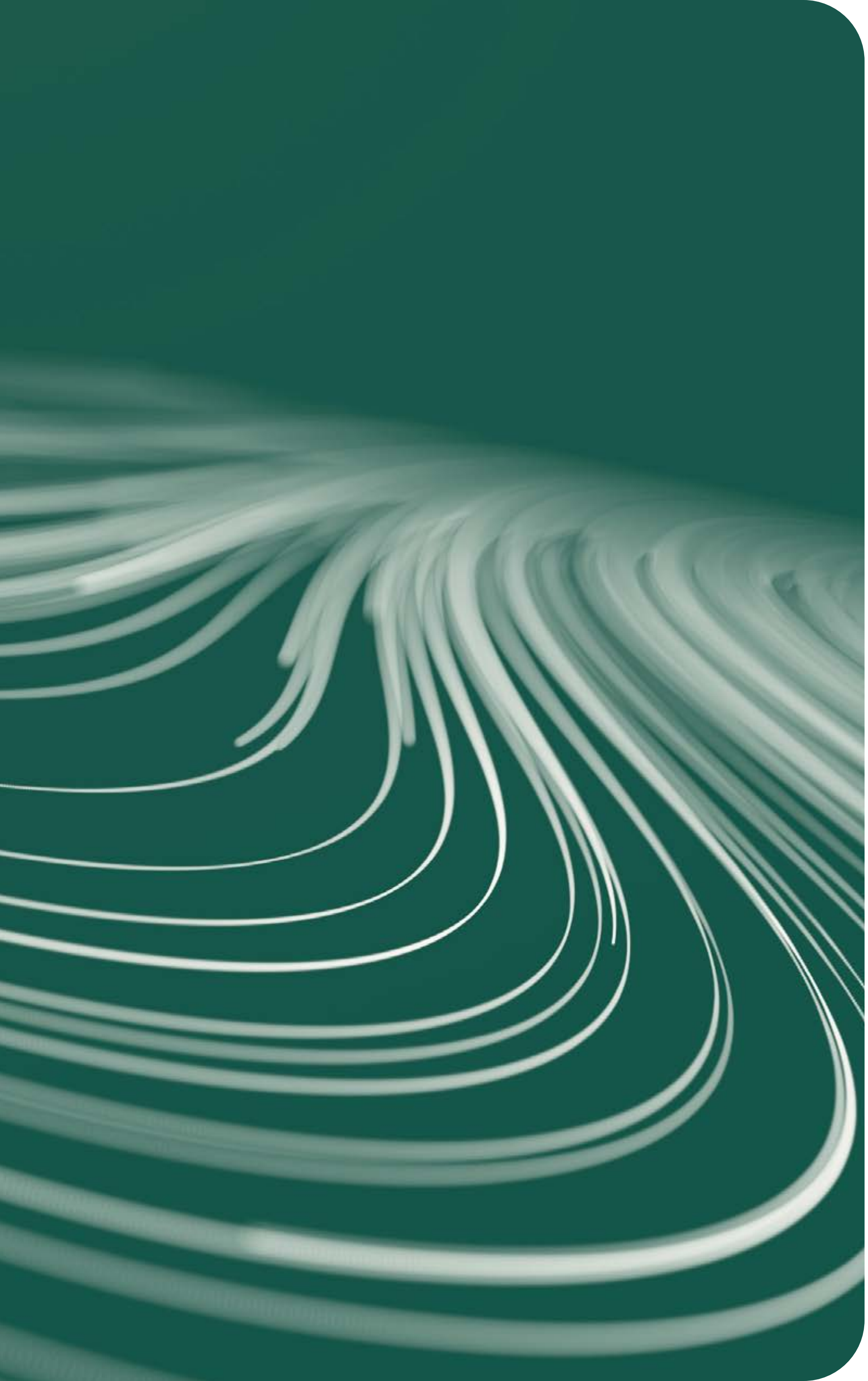
dtcc.com/dtcc-connection/articles/2024/may/29/building-the-digital-assets-ecosystem

USD$10 TRILLION

FICC Surpasses USD$10 Trillion in Daily Activity

$16 TRILLION

Tokenization of global illiquid assets is projected to be a $16 trillion business opportunity by 2030.



Accelerated Settlement (T+1)

DTCC, in collaboration with SIFMA and ICI, led the successful transition of the U.S. markets to a T+1 settlement cycle.

The move to T+1 settlement, on May 28, 2024, was a historic change to capital market structure that involved extensive industry collaboration and coordination led by DTCC, SIFMA and the Investment Company Institute (ICI). To date, T+1 is delivering all the benefits promised to the industry: the clearing fund has decreased by $3 billion, returning capital to the market; same-day affirmation rates on transactions surged to 95%; and CNS and non-CNS fails have remained steady at about 2-3%. The shorter settlement cycle has also reduced cost, risk, friction and latency in the markets, while strengthening operational resilience. The smooth transition to T+1 was the direct result of rigorous preparation, planning and testing as well as greater adoption of automated solutions.

U.S. Treasury Clearing

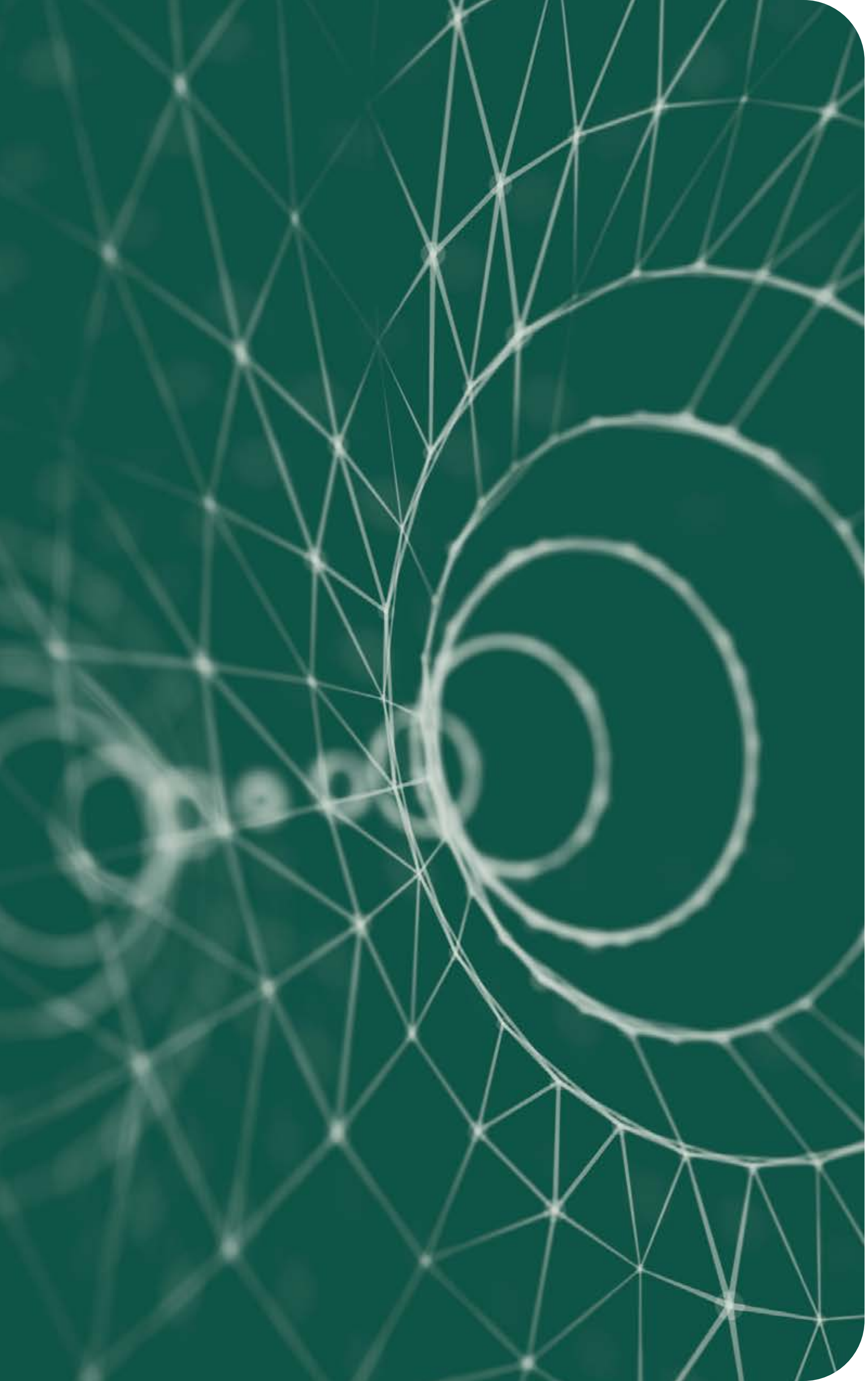
On the heels of the smooth T+1 conversion, we are supporting the industry on the transition to the SEC's U.S. Treasury Clearing rule.

The successful T+1 conversion is already serving as the model for other large-scale industry implementations, including the transition to the SEC's U.S. Treasury Clearing rule. Here we are building on our 40-year legacy in Treasury Clearing by helping firms prepare for the U.S. Treasury Clearing mandate by:

- Addressing margin and liquidity considerations
- Supporting access model implementation
- Facilitating information and collaboration
- Providing industry surveys and insights

The powerful combination of industry insights and new innovations that we're offering our clients will not only increase value, but they will also help ensure resilience, transparency and market stability.

For example, our expanded cross-margining agreement with CME has optimized firms' collateral usage, reduced margin requirements and increased capital efficiencies. We also launched two public calculators, GSD VaR and the Capped Contingency Liquidity Facility as part of our broader plan to provide more transparency in our risk management calculations. We will continue to engage with the industry to help firms meet their obligations under the new rule and identify opportunities to enhance liquidity and create additional capital efficiencies.

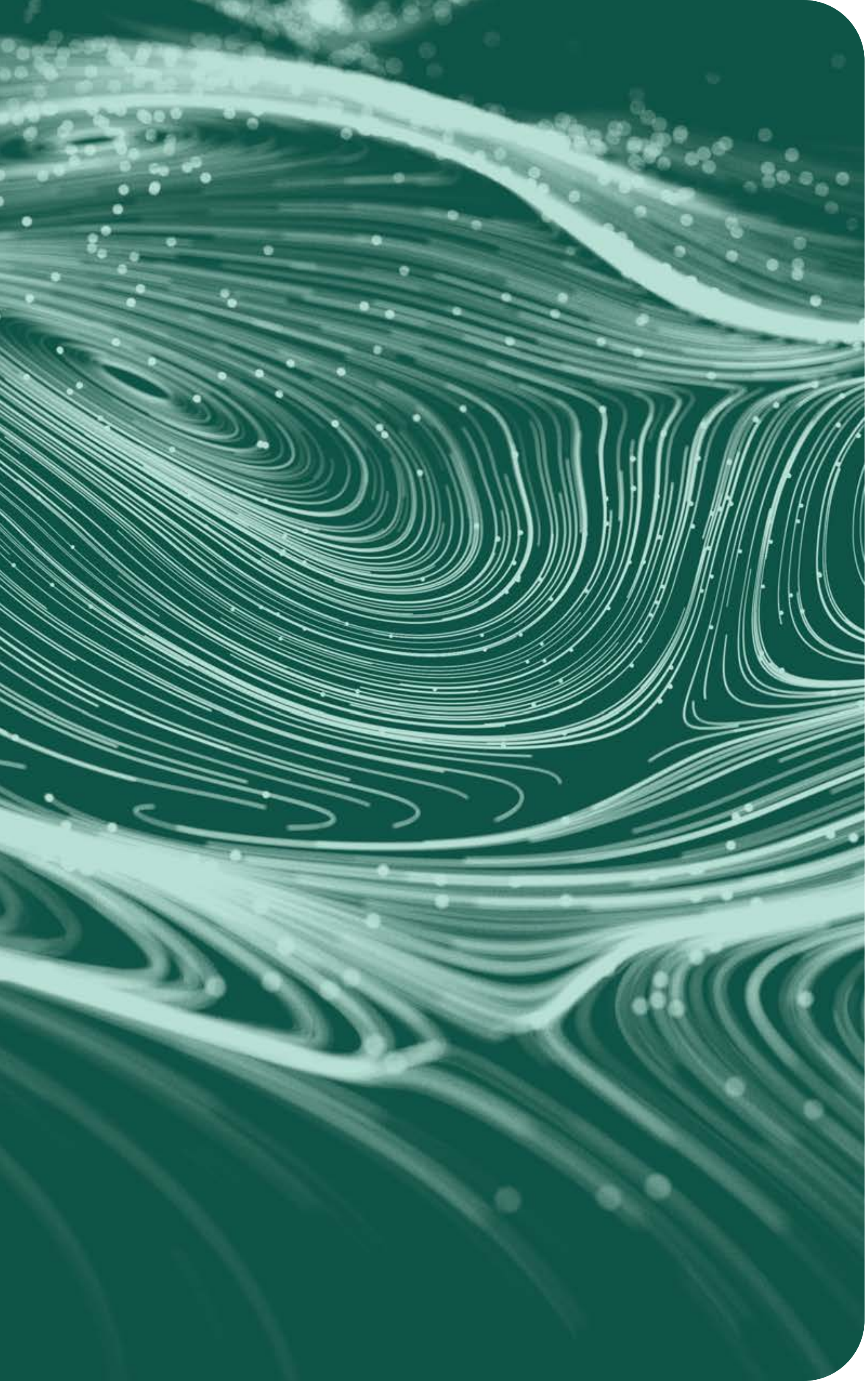


Digital Assets

We're leveraging our position as a global leader to convene and galvanize the industry around the acceptance and utilization of digital assets.

With DTCC Digital Assets, we have emerged as the center of gravity in the creation of the digital asset ecosystem. We're leveraging our position as a global leader to drive industry adoption and utilization of digital assets. One of the most noteworthy actions last year was a globally recognized white paper we published in partnership with two of our largest global peers, Clearstream and Euroclear.

In the paper, we unveiled the Digital Asset Securities Principles, which provide standards for safely adopting digital assets. In addition, we brought to market DTCC Digital Launchpad, our industry sandbox for digital asset testing, collaboration and experimentation. In 2025, we will build upon these efforts with the rollout of new solutions to streamline asset tokenization, enable transparent access to tokenized asset data and improve collateral efficiency with smart contract automation. These new capabilities give us a clear runway to usher in the digital marketplace of the future.



Advancing Modernization

In 2024, we advanced a multi-year program to modernize our core equities clearing and settlement infrastructure and establish an agile, scalable and resilient platform for securities processing.

Our goal is to strengthen the resiliency of our platform and improve the client experience by advancing our hybrid cloud strategy, embracing standards and retiring proprietary processes, which also reduces risk. In addition, we'll build on the progress made to harness automation and emerging technologies, like artificial intelligence, to speed application delivery, introduce new client services and drive operational efficiency.

As a market infrastructure, we provide vital services that help financial markets run smoothly. As a result, strengthening the resilience and performance of our platform are key drivers of our modernization strategy. Beyond future-proofing our businesses to support a digital revolution and the expansion of financial markets, the platform enhancements we implemented in 2024, and will continue to drive over the next several years, will enable us to deliver a broader range of services reliably and at scale to meet the evolving needs of our clients and the industry. For instance, last year we made significant progress towards advancing our Core Clearing and Settlement infrastructure and successfully facilitated industry adoption of a T+1 settlement cycle. Looking ahead, our vision is to transform our platform and deliver a unified and integrated service, enhanced data capabilities, streamlined applications and seamless client service. The modernization initiative is guided by this strategic vision and our track record of serving clients and the industry as a technology-focused partner.

Responsibility

DTCC's purpose-driven culture enables us to embrace our mission and values with excitement and energy. At DTCC, our company is not just a place to work — it's where our people make a difference every day as responsible corporate citizens.

Read Our 2024 Responsible Business Report

dtcc.com/annuals/2024/files/DTCC-Responsible-Business-Report-2024.pdf

$3,447,006

2024 Total Philanthropic Giving

18,400

2024 Volunteer Hours

See ERGs

dtcc.com/diversity-and-inclusion/ergs

DTCC

2024

Responsible Business Report

EMBRACING OUR RESPONSIBILITY TO THE WORLD

Table of Contents

Responsible Business Report

Responsible citizenship is one of our core values at DTCC. To us, this involves adopting responsible and sustainable business practices that uplift the local communities where we live and work.

Responsible citizenship is also a pillar of our purpose-driven culture at DTCC. It motivates us to deliver value to our clients and pursue our mission to protect and advance the global financial markets.

Our responsible business program guides our global effort to ensure that DTCC is taking into consideration its risks, opportunities and impacts on the environment, our communities, our employees and how we are organized, to ensure that we run our business ethically. Our program focuses on:

- Adopting ethical business practices,
- Reducing our overall energy consumption and managing the emerging issue of climate risk,
- Fostering a culture of belonging where employees feel respected, supported and valued,
- And investing in our local communities.

The Responsible Business Report provides an annual snapshot of the priorities we've set as an organization, and the progress we've made toward these objectives. We measure the impact of our activities across four categories: governance, people, environment and prosperity.

This framework reflects guidance from the World Economic Forum on how businesses should measure the impacts of their activities to society and the environment.

From ensuring equal employment opportunity for all employees to championing global causes, operating our business responsibly remains a top priority for DTCC.

We're proud of our dedication to hiring people from all backgrounds and experiences; we're inspired to invest in our employees and local communities, and we remain committed to contributing to an environmentally and economically sustainable future.

With the publication of this fourth annual report, we renew DTCC's commitment to our pillars. Using these as a guide, we will pursue responsible business practices that create opportunities for economic advancement and a healthier planet. Doing this, we believe, also enables us to achieve our corporate goals, partner successfully with our clients, inspire our employees and build stronger, more resilient financial markets for the future.

Governance

GOVERNANCE IS FOUNDATIONAL TO ACHIEVING LONG-TERM VALUE.

In this section, you will see metrics and disclosures outlining DTCC's approach to good governance, including:

- OUR PURPOSE, MISSION AND VISION
- GOVERNANCE BODY COMPOSITION
- APPROACH TO MANAGING ETHICAL BEHAVIOR
- RISK MANAGEMENT AND OVERSIGHT

A PURPOSE-DRIVEN ORGANIZATION

At DTCC, we serve a unique and critical role in the industry to protect and safeguard the integrity of the global financial markets. We are committed to attracting and developing top talent through our human capital strategy, enabling employees to fulfill their roles with excellence and unwavering integrity, as well as fostering a culture of belonging and respect for individuals. We are responsible corporate citizens, actively advancing responsible business principles and managing related risks. At DTCC, our company is not just a place to work — it's where our people make a difference every day.

To learn more about DTCC's vision for our future, read our CEO Letter.

The board plays a critical role in setting the strategic direction of DTCC, providing oversight and offering guidance on topics including risk management, regulatory matters, technology, innovation and the development of new products and services.

For full bios of the Board of Directors and information about the nomination and election process, mission statement and charter, code of ethics and DTCC's principles of governance, click here.

For more information on DTCC's Executive Committee click here.

GOVERNANCE BODY COMPOSITION

IN 2024, THE DTCC BOARD OF DIRECTORS WAS COMPRISED OF 22 DIRECTORS.

		PARTICIPANT DIRECTOR	PARTICIPANT DIRECTOR	PARTICIPANT DIRECTOR	PARTICIPANT DIRECTOR
PARTICIPANT DIRECTOR	PARTICIPANT DIRECTOR	PARTICIPANT DIRECTOR	PARTICIPANT DIRECTOR	PARTICIPANT DIRECTOR	PARTICIPANT DIRECTOR
PARTICIPANT DIRECTOR	PARTICIPANT DIRECTOR	PARTICIPANT DIRECTOR	NON- PARTICIPANT DIRECTOR	NON- PARTICIPANT DIRECTOR	NON- PARTICIPANT DIRECTOR
NON- PARTICIPANT DIRECTOR	NON- PARTICIPANT DIRECTOR	NON- PARTICIPANT DIRECTOR	DIRECTOR: DESIGNATED BY DTCC'S SHAREHOLDERS, ICE & FINRA	DIRECTOR: DESIGNATED BY DTCC'S SHAREHOLDERS, ICE & FINRA	DIRECTOR: DTCC'S NON-EXECUTIVE CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER

13 are participant directors who represent clearing agency members, including international broker/dealers, custodian and clearing banks, and investment institutions

6 are non-participant directors, including the non-executive chairman

2 are designated by DTCC's preferred shareholders, ICE and FINRA

1 is DTCC's non-executive chairman, its president and chief executive officer

ETHICAL BEHAVIOR

The DTCC Code of Conduct for Employees and The DTCC Code of Conduct for Contingent Workers express and reinforce our foundational values and demonstrate the commitment of all who work at DTCC to conduct themselves with the highest integrity.

The Code of Conduct also features clearly defined reporting and escalation guidelines, and consequences up to and including termination of employment for policy violation.

Here are some of the key topics covered in the Code of Conduct:

- Compliance with the law: This includes ethical business practices, fraud and bribery prevention, anti-money laundering, conflicts of interest and global sanctions.
- Protection of confidential information: This includes confidential client information, insider trading prohibition and protection of Personally Identifiable Information (PII).
- Safeguarding DTCC assets and reputation: This includes information security, electronic communications, social media activity, intellectual property and records management.
- Ethical conduct: This includes personal integrity and professional conduct, anti-harassment and anti-discrimination, whistleblower policy, gift and entertainment restrictions and workplace safety.
- Community impact and commitments: These include human rights and social responsibility.

There are preventive measures in place to build awareness of expectations and discourage violations. These include a global ethics hotline, awareness and remedial training, communication campaigns, monitoring and reporting, and employee and people manager outreach.

All DTCC employees and contingent workers are required to take training on anti-bribery and anti-corruption policies. In addition, contingent staff who access DTCC's networks are subject to DTCC's Code of Conduct and must complete related training. In 2024, over 99% of employees and contingent workers completed the training on time. In addition to this, in 2024, subject matter experts provided training on the importance of ethics and regulation in our everyday work to staff in our London office.

ANTI-CORRUPTION

DTCC believes that corruption poses serious legal and reputational risks to the business. At DTCC, compliance with applicable laws and regulations is taken very seriously.

Throughout the global markets in which we operate, DTCC is subject to laws regarding the prevention of bribery and corruption, money laundering and insider trading, and we are responsible for enforcing related sanctions. DTCC has controls in place to monitor identification of risk and compliance with regulatory requirements. Controls are designed to reduce both the likelihood and the impact of illegal behavior.

DTCC is committed to maintaining the highest standards of integrity and security in our operations. To safeguard the interests of our clients and the financial markets, we employ robust measures for monitoring and responding to potential fraud. In the event of suspected fraudulent activity by staff, members of a coordinated working group, which includes representatives from Human Resources, Technology Risk Management/Insider Risk, Global Security Management, Compliance and Legal, engage with business management as appropriate to facilitate timely reporting and resolution.

Additionally, DTCC employees must comply with personal investment account disclosure requirements and trading restrictions. Robust controls are in place to prevent trading based on material non-public information.

To protect itself from engaging with unlawful entities, and to comply with all global sanctions regulations, DTCC has established a Global Sanctions Policy. DTCC has implemented a program to screen clients, agents, employees, third parties and securities against the various global watch lists to prevent DTCC from conducting business with entities and individuals listed.

DTCC Compliance periodically screens all vendors for relevant adverse news that may indicate participation in modern slavery, bribery or corruption. Adverse news screening is also carried out for new clients as part of the onboarding process.

100% OF EMPLOYEES AND CONTINGENT WORKERS ARE REQUIRED TO COMPLETE THE TRAINING

PROTECTED ETHICS AND REPORTING MECHANISM

At DTCC, our employees and clients have access to a global ethics hotline as well as supportive measures such as a whistleblower policy, all of which are highlighted in our Code of Conduct. These resources give employees the ability to seek advice, share any information or concerns or report conduct by anyone in the Company that they believe to be in violation of policy, ethics or the law.

Employees can report concerns 24 hours a day, 7 days a week, and they have the option to do so anonymously. DTCC Human Resources collaborates with relevant partners to investigate and resolve issues, with follow-up and reporting as appropriate.

RISK OF INCIDENT OF CHILD LABOR

Our suppliers are predominantly highly skilled IT professionals, putting DTCC at low risk of incidents of child labor or modern slavery. Despite this, we recognize the dangers of child labor and modern slavery and support the Modern Slavery Act. This is why DTCC will not offer any employment (including internships) without compensation, and we closely monitor our vendors and address any suspected non-compliance with our vendor engagement requirements.

To learn more, visit the DTCC Code of Conduct page.

RISK AND OPPORTUNITY OVERSIGHT

Risk management is a primary function of DTCC, and it has been since the organization's inception, more than 50 years ago. The company's risk management framework includes effective and efficient identification, measurement, monitoring and control of credit, market, liquidity, systemic, operational, cyber and other risks for the DTCC enterprise, our members and the marketplace.

To learn more, visit our Managing Risk website.

As a critical financial market infrastructure, DTCC must take into account new and evolving forms of risk to protect global financial stability. In recent years, DTCC has begun to consider the potential impacts of climate-related risk. DTCC's primary exposure to this risk is in the form of direct physical risk to our sites around the world. For instance, critical infrastructure and resources in metropolitan regions may have underlying vulnerabilities, including age, deterioration, construction or maintenance flaws and usage that exceeds capacity, which could make them vulnerable to extreme heat, heavy downpours, sea level rise and coastal storms. Additionally, interdependent infrastructures create vulnerabilities that can develop into cascading impacts. DTCC's businesses are not currently directly impacted by transition risks, which are defined as the risks associated with a move toward a lower-carbon economy.

As risks have evolved, DTCC has responded by implementing risk mitigants or increasing resources to be able to absorb these risks. DTCC continuously reviews and updates its risk tolerance across categories to track the level of risk relative to DTCC's risk appetite.

BUSINESS CONTINUITY AND RESILIENCY

Within our risk management approach, continuing critical business services to our clients is of utmost importance. This next section discusses our approach to business continuity and resilience.

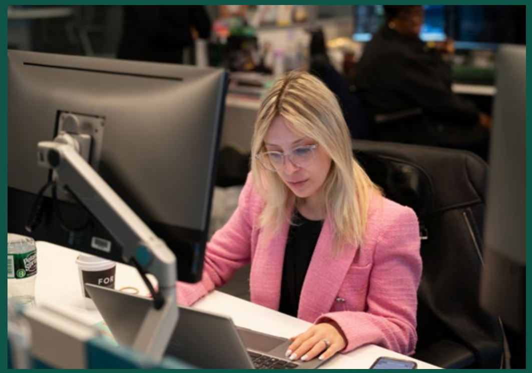
DTCC's Business Continuity and Resilience (BCR) department maintains standards and practices for how the organization addresses defined impacts posing a high level of risk to the continuity of enterprise operations. DTCC's location and area risk program within BCR aims to reduce the likelihood or impact of unexpected location and area incidents (including crises or disasters); mitigate legal, compliance, regulatory, franchise and reputational risks; and help to ensure the health and safety of employees and visitors. Given the nature and breadth of these events, location and area risk is aligned at the country, regional, city, external facility and internal facility.

DTCC's BCR program defines location and area risk as a form of operational risk that may be incurred due to significant business disruptions caused by inadequate or failed internal processes relating to the choice of DTCC sites, the unavailability of a site due to external events or the failure of a site due to the loss of a key external service provider. As such, DTCC's exposure to climate-related physical risk is included in location and area risk.

BCR uses location and area risk profiles to evaluate site-specific risks annually, based on standardized threat and vulnerability criteria, which include major infrastructure failures, man-made phenomena, natural phenomena, geopolitics, politics, crime, proximity to areas with high-risk profiles, proximity to major transportation areas, and building infrastructure and security.

Business continuity exercises test an enterprise's response to physical risk-related scenarios. Operational exercises include workforce balance exercises and tabletops for site-based crisis response teams and senior management, while technology exercises test disaster recovery scenarios impacting DTCC's data centers:

WORKFORCE BALANCE exercises simulate a loss of region scenario in which in-scope staff for critical business functions stand down from those functions for one business day, and transfer those functions out of region. These exercises test the ability of distributed staff to support core services.



TABLETOP EXERCISES test crisis response teams' abilities to respond to an event/incident/crisis. They involve an interactive process in which a facilitator presents a disruptive scenario for participants to work through.

TECHNOLOGY EXERCISES test disaster recovery scenarios impacting DTCC's data centers, such as loss of region and/or out of region recovery. In each disaster recovery exercise, DTCC's Information Technology team tracks the completion of recovery and verification tasks required for each application that falls within the exercise scope. Dependencies for each application are required to complete within the Maximum Allowable Downtime and Recovery Time Objective assigned to such application.

MODERN APPROACH TO CYBERSECURITY

DTCC understands that cybersecurity is a fundamental priority, and that it requires constant vigilance. Our approach emphasizes continuous assessment of the evolving threat landscape, which includes consideration of cyber risks within the context of our responsible business activities. This allows DTCC to proactively adapt our defenses and safeguard our systems. We employ a risk-based cybersecurity framework, enabling us to focus the firm's resources on protecting our most critical assets and enhancing our cyber resilience.

The DTCC Cybersecurity & Technology Risk Management (CS&TRM) organization maintains DTCC's information and cybersecurity risk management program in alignment with applicable regulatory requirements and accepted industry best practices. CS&TRM continues to identify opportunities to strengthen DTCC's risk posture through implementation of preventive and detective controls to mitigate emerging and evolving information security and cybersecurity threats. These include implementing advanced threat detection and response processes, refinement of proactive defense measures and alignment of cybersecurity functions across the organization.

Recognizing the interconnected nature of cybersecurity, DTCC actively collaborates with industry peers, regulatory bodies, trade associations and standards bodies. These partnerships foster the sharing of threat intelligence and best practices, and the development of coordinated responses. Through this collective effort, DTCC aims to strengthen the security posture of the global financial ecosystem.

Beyond considering direct and indirect impacts of climate change to mitigate potential risks, DTCC believes it is important to be a positive partner in combating the causes of climate change. The Environment section of this report outlines anticipated enhancements to DTCC's existing programs that were designed with this goal in mind.

People

THIS YEAR'S PEOPLE SECTION PROVIDES A COMPREHENSIVE UPDATE ON HOW DTCC IS BUILDING ITS WORKFORCE FOR THE FUTURE.

What differentiates DTCC is our focus on fostering a sense of belonging for all employees. We inspire belonging by cultivating community where all employees can bring fresh perspectives and new ideas to the table. Moreover, we expect employees at all levels to demonstrate leadership capabilities so we can deliver innovative solutions to the industry, and serve as a strategic partner to our clients. Our purpose-driven culture continues to inspire belonging, responsibility and volunteerism. It also creates excitement and energy to **bolster** the important role we play in protecting and advancing the global financial markets, and creating new opportunities for our clients and the industry to succeed.

DTCC embraces the varied nature of our markets, clients, employees and strategic partners, and recognizes that all are essential to meeting the needs of our clients and performing in an increasingly complex and evolving operating environment. Cultivating a global employee community provides DTCC with added capabilities and perspectives that shape our corporate priorities and fuel our success. This also inspires belonging, which helps attract and retain top talent in a competitive market for skilled professionals.

BUILDING BELONGING

DTCC works hard to cultivate a community of belonging, and invests in programs, learning opportunities and benefits that make DTCC a world-class employer of choice. Industry awards and the Annual Employee Engagement Survey are ways we measure employee sentiment and benchmark the impact of our efforts against our peers, so we can remain competitive in the ever-changing global financial services industry.

PROMOTING AWARENESS

In partnership with a global nonprofit, we expanded the immersive Mutual Accountability, Real Change training workshops. Since 2019, more than 390 employees have participated in this well-received training, with more than 90% of DTCC participants finding the course valuable.

MARC TRAINING IMPACT

74% OF MARC PROGRAM ATTENDEES GLOBALLY ARE MORE LIKELY TO INTERRUPT UNFAIR TREATMENT AT WORK.*
88% OF MARC PROGRAM ATTENDEES GLOBALLY GREW THEIR UNDERSTANDING OF EQUAL OPPORTUNITY ISSUES.*

** Over 10K people, of all genders, across 30+ countries, have participated in this global program.*

EMPLOYEE RESOURCE GROUPS

Since their inception in 2012, DTCC's Employee Resource Groups (ERGs) have become strategic assets to DTCC that significantly enhance various aspects of our business success. The ERG network also provides employees with leadership and engagement opportunities, which support professional and personal development objectives. All activities organized by our ERGs are built around the ERG pillars: Recruitment, Professional Development and Workplace Belonging.

ARISE

Hosted 15+ global and site-specific events promoting Asian culture and heritage, with over 600 attendees for Lunar New Year and Diwali across all sites.

BOLD

Developed the ERG Intersectionality Series, collaborating with all ERGs to discuss topics such as respectability and sponsorship.

IGNITE

Partnered with Human Resources and MentorCliQ, a mentoring platform, on multiple programs, providing a variety of ways for employees to connect and grow.

MVP

Organized Wall Street Rocks, which hosted over 400 attendees, and raised funds for four different veteran nonprofit organizations.

PRIDE+

Partnered with Human Resources and Marketing & Communications to publish the Benefits Guide.

UNIDOS

Collaborated with ERGs from other financial firms to host an educational panel.

WE THRIVE

Hosted Parents of Addicted Loved Ones (PAL) to discuss addiction and its various types, signs and treatments.

WINS

Hosted the Women of the EC panel, assembling our women Executive Committee members.

48% OF DTCC'S GLOBAL EMPLOYEE BASE INCLUDES MEMBERS OF ONE OR MORE ERGS.

"After four years as a member of UNIDOS, I became a co-chair, and this enabled me to form new relationships and collaborate with Senior Leaders at DTCC. Through the power of networking, I was approached by another Senior Leader to join her team as chief of staff. Thanks to the ERG network, I have grown and accelerated my career and developed as a leader."

CRISTINA DIAZ
Client Analytics & Reporting Associate Director

SOURCING, RECRUITING AND RETAINING TOP TALENT

At DTCC, we attribute our business success mostly to the efforts of our people. For this reason, we are committed to attracting and retaining the best talent. We pride ourselves on identifying top-tier talent from within the company and external sources.

In 2024, DTCC's recruitment strategy focused on branding and marketing, strategic sourcing partnerships and the assessment of talent, inclusive of the internal talent pool. Exceptional success was achieved in IT regional growth and early career recruitment. By leveraging various recruiting platforms, strengthening community relationships, utilizing mentorship programs and Employee Resource Groups, DTCC effectively expanded its talent pools through increased brand awareness. These efforts enhanced the organization's preparedness for its dynamic hiring needs, including a time-sensitive Treasury Clearing staffing initiative that successfully hired 95 new colleagues within six weeks.

MEETING EVOLVING HIRING NEEDS

In 2024, as the business accelerated the Treasury Clearing initiative, the need for traditional and emerging skills also accelerated equally. To rise to this challenge, the Talent Acquisition team partnered with the business to determine the best strategy and process to identify and ultimately hire talent in a timely manner. This collaboration resulted in the hiring of 95 new IT colleagues in fewer than six weeks. The enhanced recruitment strategy included IT open house events in Jersey City and Tampa. These events offered candidates a chance to learn about DTCC's current technology initiatives, meet IT employees and get a glimpse of the value we bring to the industry.

Working with industry and university partners, we engaged hundreds of qualified candidates and hired 30 open house attendees on the spot for available IT positions. We sourced the remaining positions needed by hosting virtual open house events and promoting open roles through internal and external channels. 2024 open house stats:

512	SOURCED
292	APPLIED
140	INTERVIEWED
30	OFFERED
30	ACCEPTED

OPEN HOUSE EVENTS FILLED OPEN ROLES IN RECORD TIME*

ERG RECRUITING TRIBE

To standardize and increase ERG recruiting engagement, we launched a revolutionary ERG Recruiting Tribe as part of our ERG structure in 2022. The Tribe, comprised of a Tribe Lead, a Tribe Portfolio Manager and eight four-member squads with one Squad Lead, leverages our eight ERGs to support Sourcing. Each squad is aligned to the community that its ERG supports.

Recruiting Tribe members partner with our Talent Acquisition team to improve DTCC's talent pipeline by providing referrals and representing DTCC at external events with our partners, such as conferences, open houses, career fairs and more.

As a result of the ERG Recruiting Tribe's efforts in 2024, DTCC sourced 158 unique prospects, of which 77% applied to roles at DTCC. Of all ERG Recruiting Tribe prospects, 42 moved through to the interview stage. Finally, 7% of applicants received offers, all of which were accepted.

158	SOURCED
123	APPLIED
42	INTERVIEWED
9	OFFERED
9	ACCEPTED

THE ERG RECRUITING TRIBE SUCCESS**

*Combined metrics as of 10/15/24

** 2024 metrics as of 8/11/24

CONTINUED SOURCING PARTNERSHIPS

HACKERRANK

In addition to in-person events, DTCC has also continued its partnership with HackerRank, as well as many other sourcing platforms. In 2024, DTCC hosted two coding events, one in June and the other in October. DTCC had more than 18,000 worldwide registrations between the two events, and more than 2,500 applicants originating from these coding contests. The Talent Acquisition Team has hired several participants from these coding contests, and it will continue the partnership with HackerRank throughout 2025 to identify top talent.

DICE

Dice is a top-ranked recruitment platform specializing in technology and engineering opportunities. Our partnership with Dice allows DTCC to have access to a robust database of more than 9 million IT professionals throughout the U.S. Dice also provides brand awareness features to target and attract specific under-represented candidates in the technology industry.

NAUKRI

Naukri is a leading career portal based in India, which assists in finding top global talent. Naukri has an extensive database of candidates across various industries and professions. The platform supports extensive talent identification capabilities in niche skill sets across geographic locations. Our partnership with Naukri has expanded DTCC's brand awareness throughout India, and it has been an integral part of placing top talent in the new Hyderabad location.

INCREASING BRAND AWARENESS

Through these various recruiting platforms, as well as social media and YouTube ads, we have been able to make significant strides in increasing brand awareness. These efforts have continued to result in our unique applicant percentage increasing by 281% over the past three years.

PROMOTING EQUAL OPPORTUNITY

Pay equity is essential to attracting and retaining a workforce. More than that, it's a matter of fairness and a reflection of our commitment to creating an environment that respects and rewards the contributions of all employees, regardless of race, sex, religion or other characteristics.

DTCC provides market-competitive pay and benefits that attract talent, foster employee engagement and commitment, and motivate employees to achieve sustained performance over the long term. We work closely with business leaders and hiring managers to foster pay parity across all employees.

UNITED KINGDOM

Annually, we are required by UK regulation to publish the gender pay gap for DTCC Europe. This review is irrespective of key compensation drivers such as location, role, responsibilities, level in the organization or years of experience. Its focus is an aggregate comparison of all males and females.

Read More: UK Data

SHAPING THE FUTURE OF WELL-BEING FOR OUR EMPLOYEES

DTCC believes that continually reviewing the emerging trends in employee benefits and responding with meaningful actions will make a significant impact in keeping our employees happier, healthier, more productive and better prepared for the future.

In 2024, we initiated a phased rollout of the new Total Rewards Statement, an annual personalized summary that shows each employee the total value of the benefits and compensation received from DTCC. Beginning last summer, U.S.-based HR employees and senior leaders were invited to preview their statements in Oracle HCM, and we plan to roll out the Total Rewards Statement to all U.S. employees.

TAILORED REGIONAL BENEFITS

DTCC offers a benefits package that puts the well-being of employees and their loved ones at the forefront. We encourage employees to explore and learn about their options that will help them find strength, balance and stability.

STRENGTH BENEFITS FOR ALL AREAS OF WELL-BEING

BALANCE BENEFITS FOR WORK-LIFE BALANCE

STABILITY BENEFITS FOR NOW AND IN THE FUTURE

THE OFFERINGS VARY BY LOCATION. SEE HIGHLIGHTS ON THE NEXT PAGE.

	STRENGTH	BALANCE	STABILITY
U.S.	GROUP MEDICAL PLAN GROUP DENTAL PLAN VISION PLAN EMPLOYEE ASSISTANCE PROGRAM WELLNESS INCENTIVE PROGRAM HEALTH ADVOCATE AYCO FINANCIAL COACHING	VOLUNTEERING OPPORTUNITIES AND PAID TIME OFF FOR VOLUNTEERING FAMILY CARE LEAVE SURROGACY AND ADOPTION REIMBURSEMENT GLOBAL TUITION REIMBURSEMENT PARENTAL LEAVE FAMILY BACKUP CARE AND EDUCATION HOME AND LENDING BENEFITS BANKING AND INVESTING PROGRAM	SHORT-TERM AND LONG-TERM DISABILITY GROUP LIFE INSURANCE PET, LEGAL, AUTO AND HOME INSURANCE SERVICES COMMUTER BENEFITS CRITICAL ILLNESS, ACCIDENT, HOSPITAL INDEMNITY GLOBAL EDUCATION PROGRAM
EMEA	ANNUAL HEALTH ASSESSMENTS CYCLE TO WORK GROUP DENTAL PLAN NUFFIELD HEALTH 24/7 GROUP MEDICAL PLAN EMPLOYEE ASSISTANCE PROGRAM EYE TEST AND SPECTACLE VOUCHERS ANNUAL ONSITE FLU VACCINATION PROGRAM SPORTS CLUB SUBSIDY	FAMILY BACKUP CARE AND EDUCATION FLEXIBLE WORKING ARRANGEMENTS MATERNITY, PATERNITY AND ADOPTION LEAVE OFFERINGS VOLUNTEERING OPPORTUNITIES AND PAID TIME OFF FOR VOLUNTEERING GLOBAL TUITION REIMBURSEMENT	CAR MAINTENANCE GROUP LIFE INSURANCE WORKPLACE RETIREMENT PLAN INCLUSIVE OF MATCH OFFERINGS INCOME PROTECTION INSURANCE GLOBAL EDUCATION PROGRAM WORKPLACE INDIVIDUAL SAVING ACCOUNT (ISA)
APAC	EMPLOYEE ASSISTANCE PROGRAM MENTAL HEALTH PROGRAM GROUP PRIVATE DENTAL PLAN MATERNITY BENEFITS ON-SITE CLINIC SERVICES HEALTH, FINANCIAL AND WELLNESS PROGRAM 24/7 MEDICAL CONSULTATION AND TREATMENT ACCESS WELLNESS INCENTIVE PROGRAM ANNUAL HEALTH ASSESSMENT	ANNUAL LEAVE FAMILY CARE LEAVE VOLUNTEERING OPPORTUNITIES AND PAID TIME OFF FOR VOLUNTEERING MATERNITY, PATERNITY AND ADOPTION LEAVE OFFERINGS MEDICAL INSURANCE BENEFIT TO NON-MARRIED COUPLES OF ALL GENDERS PARENTS' MEDICAL INSURANCE GLOBAL TUITION REIMBURSEMENT WORKPLACE ACCIDENT/INCIDENT ASSISTANCE FLEXIBLE WORKING ARRANGEMENTS	LIFE AND RISK INSURANCE (GROUP AND INDIVIDUAL) ACCIDENT INSURANCE COMPANY RETIREMENT PLAN INCLUSIVE OF MATCH OPPORTUNITIES TOTAL PERMANENT DISABILITY INSURANCE MENTAL ILLNESS AND PSYCHIATRIC TREATMENT COVERAGE INCOME PROTECTION COMMUTER AND TRANSPORTATION SUBSIDY DEATH BENEFIT TERMINAL ILLNESS BENEFIT GLOBAL EDUCATION PROGRAM LONG-TERM DISABILITY INSURANCE DISABILITY COVERAGE TREATMENT AND THERAPY

PROTECTING THE HEALTH AND SAFETY OF OUR EMPLOYEES

DTCC is committed to the health and safety of all personnel globally. We have established and implemented a global health and safety policy to support a safe working environment for all.

Due to the nature of DTCC's business, it is highly unlikely that our staff would be prone to serious work-related injuries or fatalities. In 2024, there were 33 minor medical events that were reported globally. In those instances where an emergency response was needed, either the members of staff required no further medical attention or they were transported to the hospital, treated and released.

Any time there is a medical-related event on DTCC premises, first aid is provided and/or emergency medical services are requested to respond. In 2024, DTCC did not experience any serious work-related injuries or fatalities.

INVESTING IN OUR PEOPLE AND BUILDING SKILLS FOR THE FUTURE

One of DTCC's top priorities continues to be supporting all employees on their personal and professional journeys from the moment they join the firm.

This year, we assessed and enhanced DTCC's performance and people development programs to shape career journeys for interns and employees at every level. People development at DTCC includes on-demand and scheduled learning resources, internal career mobility opportunities, mentoring, leadership development programs, early career programs and defining excellence in senior leadership.

LEARNING AND DEVELOPMENT

Our investment in employee learning and development ensures that our workforce develops the knowledge and skills to support our clients and the industry, with education about new technologies and political or economic uncertainties.

700
35
MORE THAN 700 EMPLOYEES ATTENDED UPWARDS OF 35 LIVE INSTRUCTOR-LED LEARNING EVENTS.

500X
EMPLOYEES ACCESSED DTCC'S ANYTIME LEARNING LIBRARY NEARLY 500 TIMES PER MONTH.

2,250
15,000
MORE THAN 2,250 EMPLOYEES COMPLETED OVER 15,000 HOURS OF ONLINE LEARNING IN COURSERA.

30
50,000
MORE THAN 30 COURSES WERE DELIVERED, WITH 50,000 COURSE COMPLETIONS FOCUSED ON RISK REDUCTION.

INTERNAL MOBILITY

Internal mobility enables us to take advantage of the strength of our talent community, and encourages continuous learning and skill development. We also build a bench of versatile enterprise leaders with knowledge and experience derived from working across DTCC's business lines.

"One of my keys to success at DTCC has been building relationships, leveraging my network, and trusting my instincts. I silenced my internal doubts, remained optimistic and embraced new challenges. With each role held, I've created building blocks of unique skills and experience for success."

ESTHER SPENCER
Executive Administration Director

MENTORING, LEADERSHIP AND EARLY CAREER PROGRAMS

The new MentorcliQ platform matches employees with DTCC leaders who have professional experience and domain expertise to share. The MentorcliQ rollout saw immediate and sustained success, attracting more than 1,000 employee sign-ups in just six months.

More than 2,000 hours were devoted to mentoring this year. Mentoring discussions are based on our Leadership Expectations, and they cover topics such as Cultivate Relationships, Inspire Growth and Communicate Clearly.

TRANSITION PROGRAM: NEW PEOPLE MANAGERS

DTCC's New People Manager Transition program was revamped this year and made more accessible to new managers. It covers topics such as giving and receiving feedback, career coaching, change management principles and strategic thinking.

HIGH PERFORMERS: CATALYST LEADERSHIP DEVELOPMENT

The Catalyst Leadership Program is designed to develop the growth mindset, learning agility and future focus for high-performing directors from across DTCC. We launched the inaugural cohort in June of 2022 with 21 participants. In March, the second cohort of participants in the Catalyst program wrapped up with a three-day immersive event to conclude a nine-month professional development journey. The group of 26 Directors from eight business areas presented strategic projects to the Executive Committee and heard real-time feedback.

EARLY CAREER: SUMMER INTERNS & EDGE ANALYSTS

DTCC's Summer Internship Program is a unique and challenging 10-week experience for talented and high-performing college students interested in different aspects of the financial and technology industries. This year, we hosted 129 summer interns from around the U.S. and Chennai. Fifty of the 61 analysts participating in the early-career immersive EDGE program this year were past summer interns.

EXCELLENCE IN SENIOR LEADERSHIP

In 2024, we unveiled the Senior Leader Success Profile, a holistic model of excellence in our senior ranks that defines the capabilities, mindsets and traits that we expect our senior leaders to demonstrate. The Success Profile provides the excellence standards and criteria used by an internal Human Capital Advisory Group, or HCAG, to assess and promote senior leaders at DTCC as part of a revamped promotions process implemented this summer.

HCAG members represent DTCC's various business lines and geographic regions. In addition, this model will be embedded into our talent development processes so we can align performance expectations for current senior leaders, and build a strong bench of executive talent in the next three to five years.

RESULTS FOR 2024:

148,317

2024 TOTAL HOURS OF TRAINING

25.6

2024 AVERAGE TRAINING HOURS PER EMPLOYEE

$604.18

2024 AVERAGE SPEND PER EMPLOYEE

Environment

REDUCING OUR ENVIRONMENTAL IMPACT THROUGH RESPONSIBLE CITIZENSHIP

DTCC is dedicated to making a positive impact within the enterprise and in our local communities by promoting environmental sustainability. This is evidenced by our actions in reducing energy use since 2016, and our commitment to protecting and preserving the environment. We've aligned our behaviors to the company's core value of Responsible Citizenship, with a focus on increased capabilities, including improved energy data governance, enhanced operational framework, Energy and Environmental Certifications, and analytical modeling. These tools are necessary steps on the road to achieving DTCC's decarbonization target.

In 2024, DTCC continued to maintain accreditation for both ISO 50001:2018 Energy Management and ISO 14001:2015 Environmental Management standards, certified with TUV Rheinland of North America, for the following sites: Brooklyn, Chennai, Dallas Belt Line and Crestside, Jersey City, London, Manila, Tampa Bermuda Green and Wrexham. These standards specify the requirements for establishing, implementing, maintaining and improving an energy and environmental management system.

To learn more about DTCC's energy and environmental policy, click here.

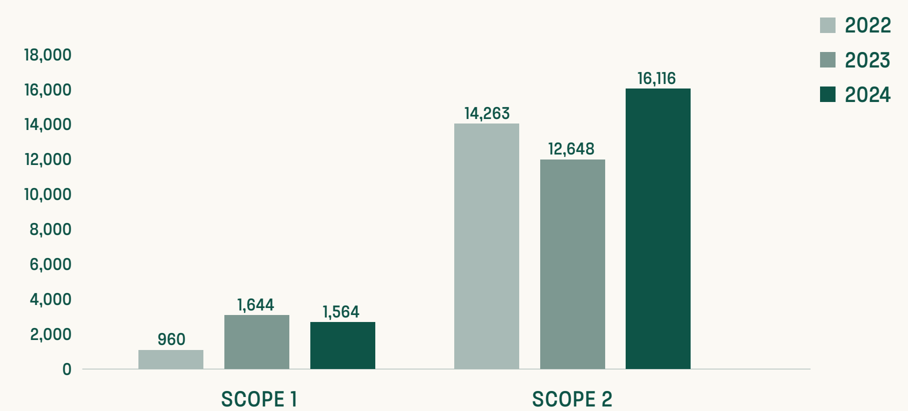
OUR SCOPE 1 AND 2 EMISSIONS DATA (2022—2024)

DTCC's GHG inventory is consistent with the principles and guidance of the World Resources Institute (WRI) and the World Business Council for Sustainable Development's (WBCSD) Greenhouse Gas Protocol Initiative (GHG Protocol) for corporate GHG accounting and reporting.

DTCC defines its organizational boundary conditions consistent with the GHG Protocol according to the "control approach" for Scope 1, 2 and 3 sources. The scope of DTCC's organizational boundaries includes buildings in the company's ownership or under its control. The "control approach" is the most appropriate organizational boundary for DTCC because it reflects where DTCC can influence decisions that impact GHG emissions. Facilities included in DTCC's boundary include office buildings and data centers, and we use 2019 as our baseline year. Scope 1 and 2 emissions for the baseline are 3,473 Mtons of CO2E for Scope 1 emissions, and 19,865 Mtons of CO2E for Scope 2 emissions.

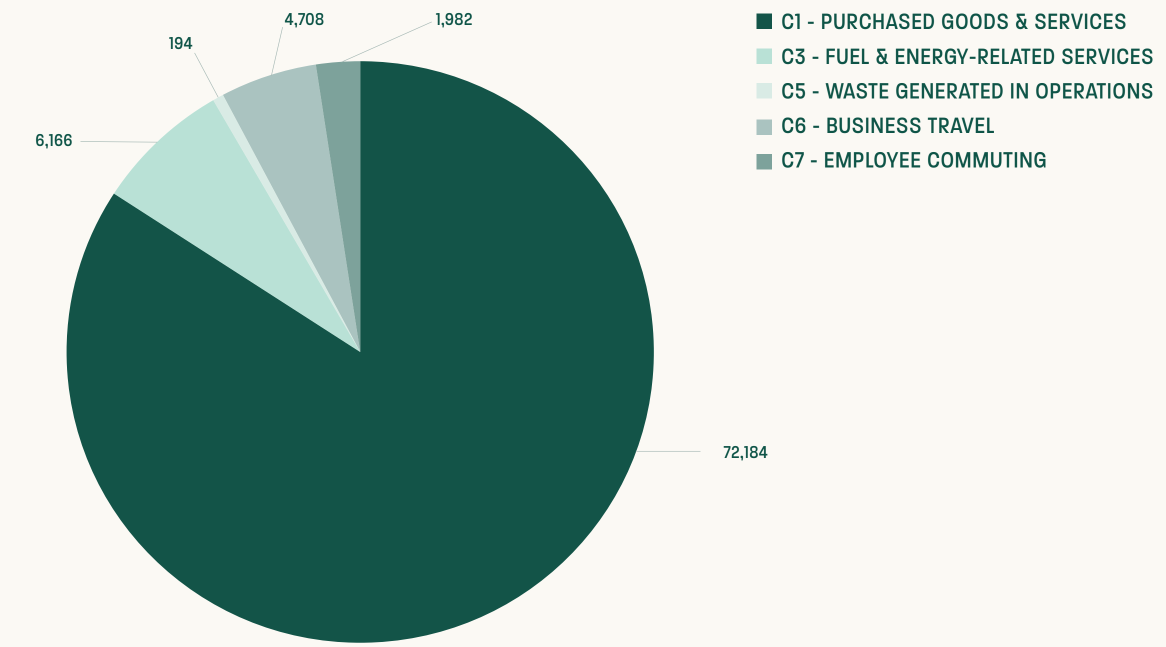
We show year-over-year Market-Based Emissions, which quantify Scope 1 and Scope 2 GHG inventory, based on the utility-specific emissions factors from which DTCC purchases energy. Emission factors are from governmental and non-governmental organizations' sources, including the United States Environmental Protection Agency (EPA), Mandatory Reporting Rule (MRR), International Energy Agency (IEA) and Department for Environment Food and Rural Affairs (DEFRA). Additionally, where available, we utilize utility-specific emission factors that support our market-based inventory. As for CY 2023, we utilized IPCC's Sixth Assessment Report (AR6) as our source for global warming potentials.

MARKET-BASED YOY EMISSIONS BY SCOPE 2022—2024 MTONS (CO2E)



2023 SCOPE 3 EMISSIONS (MTONS CO2E) BY CATEGORY

Scope 3 emissions in 2023 are based on DTCC's annual spend on goods and services.



MAINTAINING DTCC'S ISO CERTIFICATIONS

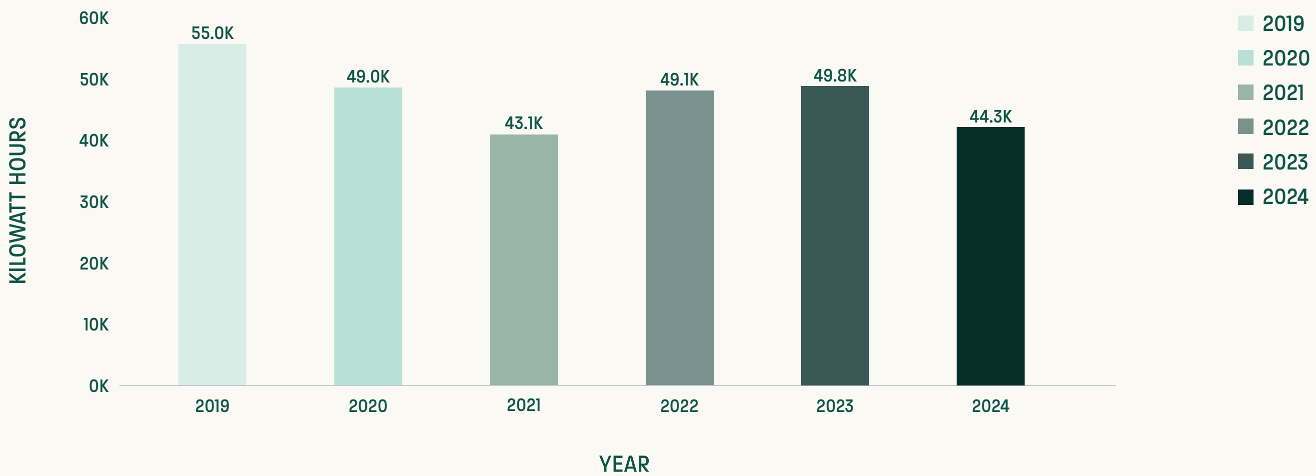
DTCC continues to maintain its ISO 50001:2018 Energy Management certification, which is the global energy management systems standard that specifies requirements for establishing, implementing, maintaining and improving an energy management system. Additionally, DTCC maintained its ISO 14001:2015 Environmental Management certification, which provides a framework for organizations to design and implement an environmental management system, and continually improve environmental performance. Both certifications were obtained with TUV Rheinland of North America for the following DTCC locations: Brooklyn, Chennai, Dallas Belt Line and Crestside, Jersey City, London, Manila, Tampa Bermuda Green and Wrexham.

See the table below for initial ISO certification dates.

CERTIFICATION	CERTIFYING BODY	LOCATIONS	YEAR OF INITIAL CERTIFICATION
ISO 14001:2015 ENVIRONMENTAL MANAGEMENT CERTIFICATION	TUV RHEINLAND OF NORTH AMERICA	BROOKLYN, CHENNAI, DALLAS BELT LINE AND CRESTSIDE, JERSEY CITY, LONDON, MANILA, TAMPA BERMUDA GREEN, AND WREXHAM	MARCH 2023
ISO 50001:2018 ENERGY MANAGEMENT CERTIFICATION			APRIL 2021

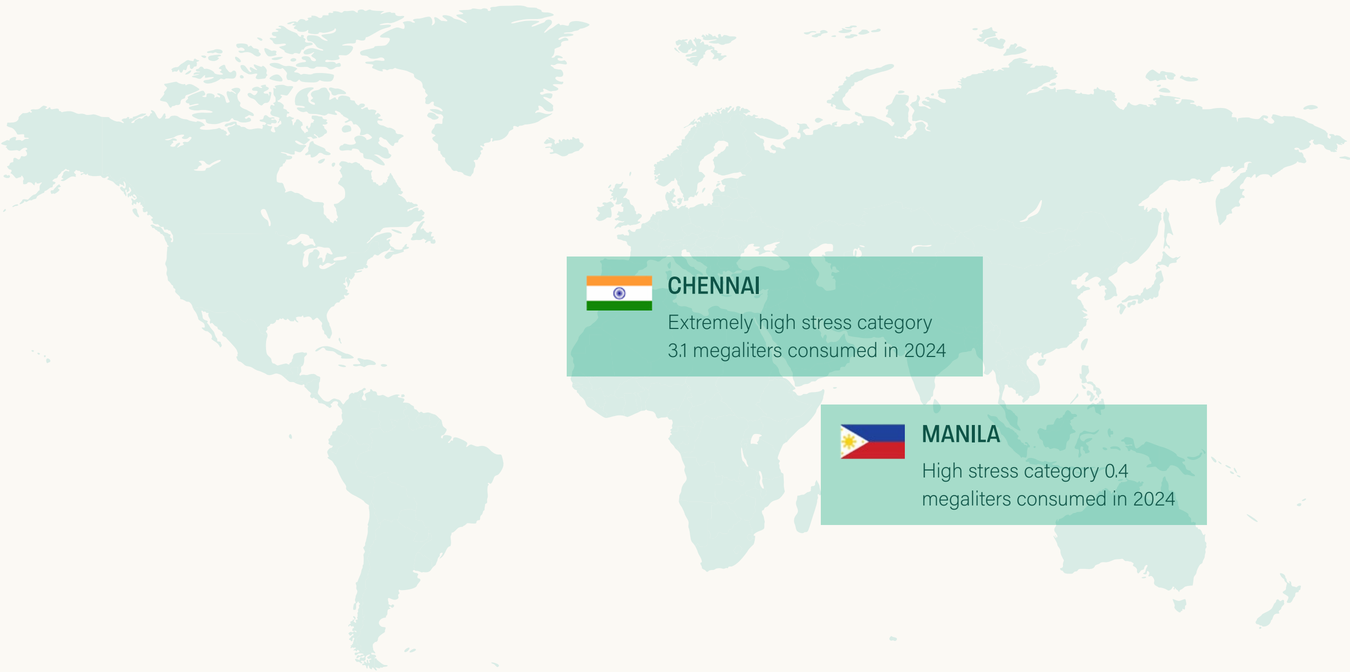
DTCC AIMS TO CONTINUALLY REDUCE ITS ENERGY CONSUMPTION

Using 2019 as our baseline year at 55,000 Kilowatt Hours of energy consumed, we continue to reduce our energy consumption year over year. Below is consumption data for the past 5 years.



WATER CONSUMPTION AND WITHDRAWAL IN WATER-STRESSED AREAS

The following DTCC sites are in higher-tier water-stressed areas, according to the World Resources Institute's Aqueduct Water Risk Atlas, which equate to 11% of our total footprint.



EMPLOYEES PITCH THEIR SUSTAINABILITY IDEAS

We continued to use Sustainability Works, an engaging peer-learning platform for interactive groups, created to build sustainability awareness and practices. The platform offers bite-sized learnings on our key sustainability pillars, which can be integrated into colleagues' daily operations; providing a safe, private forum for discussing the content, asking questions and sharing challenges.

In 2024, we launched a sustainability pitch contest that invited employees to learn about DTCC's sustainable business practices, and propose ways to reduce our environmental impact by reducing waste and energy consumption. The pitch contest attracted 15 proposals from DTCC employees across the U.S., UK and APAC, and helped us grow an active community of nearly 2,000 employees on our sustainability learning website.

Through this process, **Nicole Russell**, Human Resources, was selected as our contest winner, and runners-up were **Brian Mills**, IT, and **Chelsea Walker**, Business Continuity & Resilience. The winner and two runners-up had an opportunity to earn donation dollars for their favorite charities, and sat down with Renee Laroche-Morris, Managing Director, Chief Sustainability Officer, to discuss their passions around sustainability.

15

PROPOSALS FROM DTCC EMPLOYEES ACROSS THE U.S., UK AND APAC

2,000

EMPLOYEES ON OUR SUSTAINABILITY LEARNING WEBSITE.

FROM PHYSICAL TO DIGITAL: THE MOVE TOWARD DEMATERIALIZATION

The underwriting business receives approximately 100,000 eligibility-related documents per year. These documents, which include electronic certificates of deposits (E-CDs), prospectuses, term sheets, letters of representation and legal riders, among others, come in a variety of formats and are not centrally stored, making it difficult to manage their life cycles.

Because our legacy systems stored these documents in disparate systems, with varying formats, the processing of these documents was cumbersome and lacked sufficient scalability to meet our modernization requirements.

To synchronize the management of these documents, a new tool, the Content Services Platform (CSP), was developed. This solution consolidates all eligibility documentation in one location, replacing eight mailboxes, seven SharePoint folders and one System ID. CSP will serve as the foundational building block for storage of dematerialized eligibility documentation.

The platform was designed to serve as an enterprise-wide utility, and there is currently a high level of interest in adopting this from many departments across DTCC.

Each dematerialized security leads to a reduction in carbon dioxide emissions for the life of the security. The emissions are related to the issuance of the paper itself, as well as the servicing of the physical security, including creation, authorization, ownership change and maturity.

Since the launch of the dematerialization program, over 90% of all newly issued retail Certificates of Deposit (CDs) are now issued electronically and stored in the CSP. Industry adoption of e-CDs has resulted in the successful dematerialization of an average of 20,000 physical certificates per year, a considerable milestone.

This translates into reduction in emissions by:

- Avoiding 25-30,000 courier trips per year, including air and ground motorized transportation
- Eliminating the printing of 50-60,000 pages per year (as certificates typically have multiple pages)
- Eliminating the management, storage and destruction of paper certificates

The Securities Processing business stores 1,095,120 physical security certificates in the DTCC vault. This paper-based process includes manual indexing, storage and destruction of the certificate.

To dematerialize new and existing inventory, the business has designed multiple tactical programs that remove the need for paper when possible.

- The Non-FAST to FAST conversion program, since its launch in 2019, has dematerialized 80,646 certificates and is currently targeting the remaining inventory for securities that qualify.
- The Destruction of Non-Transferable Securities Certificates Program (DNT) dematerialized over 44,000 certificates from 2023 through 2024.

This translates into reduction in emissions by:

- Avoiding 4,400 courier trips from 2023 to 2024, including air and ground motorized transportation
- Eliminating printing of ~17,000 certificates per year
- Eliminating the management, storage and destruction of paper certificates

Prosperity

WE'RE DEDICATED TO SERVING ALL THE COMMUNITIES WHERE WE LIVE AND WORK.

For over 50 years, DTCC has been advancing industry-leading solutions that help secure and shape the future growth and development of the global financial marketplace. But beyond that, as an employer, we have the responsibility to contribute to the United Nations Sustainable Development Goals to promote economic growth and advancement.

We take pride in creating economic value for employees, shareholders and society through job creation and strong financial performance — all while investing in innovation and improving local communities.

GIVING BACK TO OUR COMMUNITIES

We continue to make a positive impact in the communities where we live and work, through our employee and community engagement programs, philanthropy and volunteerism. We apply the same rigor and excellence in delivering on our Corporate Social Responsibility promises as we do in protecting the global financial system.

In 2024, we maintained 50% participation in employee giving and volunteering. Recent efforts to encourage employee contributions to charities helping U.S. regions ravaged by Hurricanes Milton and Helene, and strong employee participation in Rise Against Hunger and the annual Light the Night walk for the Leukemia & Lymphoma Society, helped us achieve our goal.

GIVING METRICS

$3,529,556
2024 TOTAL PHILANTHROPIC GIVING

18,400
2024 VOLUNTEER HOURS

$1,320,297
2024 EMPLOYEE DONATIONS & COMPANY MATCHING GIFTS

$2,209,259
2024 TOTAL CORPORATE CONTRIBUTIONS

SOME HIGHLIGHTS OF OUR GLOBAL CORPORATE GIVING AND VOLUNTEER ACTIVITIES INCLUDE:

BOSTON

10,000 meals packed with Rise Against Hunger

MANILA

100 employees volunteered and repackaged 970+ hygiene and school kits

JERSEY CITY

Leukemia & Lymphoma Society Manhattan Walk — over $55,000 raised, led by seven corporate teams

TAMPA

104,324 meals created through monthly food sorting

CHENNAI

26 volunteers took part in planting 400 grams of cluster beans and cowpea seeds for farming

Learn More About CSR At DTCC

ECONOMIC CONTRIBUTION

DTCC created significant economic value by generating healthy returns for employees and shareholders. Full details are available in our Financial Statements and Notes.

Part of how DTCC contributes to the communities in which we operate is through paying taxes. In 2024, the organization paid $249.6 million in taxes, including corporate income taxes, property taxes, non-creditable VAT, and other sales taxes and employer-paid payroll taxes. These taxes support government operations, and help fund various public benefits. Refer to the Income Taxes footnote in the Financial Statements for further details.

FINANCIAL INVESTMENT

We invested $199.1 million in capital for premises, equipment and intangible assets for the year ended December 31, 2024. Our primary investments are technology-focused and involve the purchase of computer equipment and the development of software. These investments improve our core processes, increase the pace of technological innovation and align our services with our clients' needs.

For that purpose, we regularly update and upgrade our technology systems to meet industry, regulatory and compliance standards. Additionally, these investments create highly skilled jobs for our employees and vendors.

Operationally, our systems are fully backed up at alternate locations for business contingency purposes and are frequently tested to ensure that full capabilities are maintained in the event of an emergency. We also maintain significant excess capacity to manage market volatility and related volume spikes that may require us to process substantially more transactions, which is particularly important during periods of market stress or dislocation. In addition, we play an active role on various securities industry technology committees, which include sub-committees and working groups on major technology issues, such as information security and industry-wide testing for business recovery.

SHARE BUYBACKS AND DIVIDEND PAYMENTS

During 2024, the organization paid dividends totaling $16.9 million to our series D preferred stock shareholders and dividends of $6.3 million to non-controlling interests. During 2023, $16.9 million was paid to our series D preferred stock shareholders.

The Depository Trust & Clearing Corporation

Consolidated Financial Statements as of and for the Years Ended December 31, 2024 and 2023, and Independent Auditor's Report

THE DEPOSITORY TRUST & CLEARING CORPORATION

TABLE OF CONTENTS

Deloitte.

Deloitte & Touche LLP
30 Rockefeller Plaza
New York, NY 10112-0015
USA

Tel: +1 212 492 4000
Fax: +1 212 489 1687
www.deloitte.com

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, 2024 and 2023, 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, 2024 and 2023, 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 25, 2025

THE DEPOSITORY TRUST & CLEARING CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(In thousands, except share data)	As of December 31, 2024	As of December 31, 2023
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 16,804,886	$ 15,774,381
Participants' segregated cash	3,232	57
Short-term investments	1,210,000	250,000
Accounts receivable - net of allowance for credit losses	230,707	197,836
Participants' and Clearing Funds	103,585,443	83,216,701
Other Participants' assets	464,244	4,510,304
Other current assets	320,207	244,196
Total current assets	122,618,719	104,193,475
NON-CURRENT ASSETS:		
Premises and equipment - net of accumulated depreciation	264,813	245,288
Goodwill	81,811	68,746
Intangible assets - net of accumulated amortization	261,983	280,119
Operating lease right-of-use-asset	142,374	156,027
Other non-current assets	655,928	635,400
Total non-current assets	1,406,909	1,385,580
TOTAL ASSETS	$ 124,025,628	$ 105,579,055
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Commercial paper - net of unamortized discount	$ 9,973,028	$ 9,076,862
Long-term debt, current portion	2,147,603	398,813
Pension and postretirement benefits	9,751	27,736
Operating lease liability	27,138	25,148
Accounts payable and accrued expenses	233,942	309,560
Participants' and Clearing Funds	103,585,443	83,216,701
Payable to Participants	467,476	4,510,361
Other current liabilities	317,049	292,375
Total current liabilities	116,761,430	97,857,556
NON-CURRENT LIABILITIES:		
Long-term debt	2,415,405	3,332,961
Pension and postretirement benefits	89,627	94,085
Operating lease liability	164,359	181,388
Other non-current liabilities	274,137	252,488
Total non-current liabilities	2,943,528	3,860,922
Total liabilities	119,704,958	101,718,478
COMMITMENTS AND CONTINGENCIES (Note 2)		
SHAREHOLDERS' EQUITY		
Preferred stock:		
Series A, $0.50 par value - 10,000 shares authorized, issued (above par), and outstanding	300	300
Series B, $0.50 par value - 10,000 shares authorized, issued (above par), and outstanding	300	300
Series D, $0.50 par value - 2,000 shares authorized, issued (above par), and outstanding	490,900	490,900
Common stock, $100 par value - 80,000 shares authorized, 50,908 shares issued and outstanding	5,091	5,091
Additional paid-in capital	411,065	411,065
Retained earnings	3,447,592	2,982,973
Accumulated other comprehensive loss, net of tax	(184,578)	(180,052)
Non-controlling interests	150,000	150,000
Total shareholders' equity	4,320,670	3,860,577
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 124,025,628	$ 105,579,055

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

THE DEPOSITORY TRUST & CLEARING CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

(In thousands)	For the years ended December 31, 2024	2023
REVENUES		
Settlement and asset services	$ 588,153	$ 557,807
Clearing services	1,063,103	880,746
Matching services	302,736	289,762
Repository and derivatives services	339,890	325,660
Wealth management services	131,154	124,319
Data and other services	50,252	52,897
Investment income, net	10,685	14,711
Total revenues	2,485,973	2,245,902
EXPENSES		
Employee compensation and related benefits	981,979	939,096
Information technology	284,977	261,759
Professional and other services	479,913	422,842
Occupancy	66,576	64,963
Depreciation and amortization	179,190	164,935
General and administrative	62,197	54,050
Impairment of intangible assets	3,358	14,296
Total expenses	2,058,190	1,921,941
Total operating income	427,783	323,961
NON-OPERATING INCOME (EXPENSE)		
Interest income	2,587,855	2,581,308
Refunds to Participants	(1,736,762)	(1,713,054)
Interest expense	(684,897)	(661,223)
Other non-operating income, net	43,548	71,383
Total non-operating income	209,744	278,414
Income before taxes	637,527	602,375
Provision for income taxes	149,733	149,452
Net income	487,794	452,923
Net income attributable to non-controlling interests	6,300	—
Net income attributable to DTCC	$ 481,494	$ 452,923

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

THE DEPOSITORY TRUST & CLEARING CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)	**For the years ended December 31, 2024**	**2023**
Net income	$ 487,794	$ 452,923
OTHER COMPREHENSIVE INCOME (LOSS) - Net of tax:		
Defined benefit pension and other plans [(1)]	(2,637)	4,056
Foreign currency translation	(1,889)	2,522
Other comprehensive (loss)/income	(4,526)	6,578
Comprehensive income	483,268	459,501
Comprehensive income attributable to non-controlling interests	6,300	—
Comprehensive income attributable to DTCC	$ 476,968	$ 459,501

(1) Amounts are net of benefit for income taxes of $1,078 and provision for income taxes of $1,770 for the years ended December 31, 2024 and 2023, 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

	Preferred Stock						Accumulated Other Comprehensive Loss, Net of Tax			
(In thousands)	**Series A**	**Series B**	**Series D**	**Common Stock**	**Additional Paid-In Capital**	**Retained Earnings**	**Defined Benefit Pension and Other Plans**	**Foreign Currency Translation**	**Non-controlling Interests**	**Total Shareholders' Equity**
BALANCE - January 1, 2023	$ 300	$ 300	$ 490,900	$ 5,091	$ 411,065	$ 2,546,925	$ (170,698)	$ (15,932)	$ 150,000	$ 3,417,951
Net income	—	—	—	—	—	452,923	—	—	—	452,923
Other comprehensive income	—	—	—	—	—	—	4,056	2,522	—	6,578
Dividends on preferred stock	—	—	—	—	—	(16,875)	—	—	—	(16,875)
BALANCE - December 31, 2023	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

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

THE DEPOSITORY TRUST & CLEARING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	For the years ended December 31, 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 487,794	$ 452,923
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:		
Depreciation and amortization	179,190	164,935
Impairment of intangible assets	3,358	14,296
Deferred income taxes	4,971	(48,298)
(Accretion)/Amortization of discount on Commercial paper, net of associated interest paid	(44,456)	44,324
Realized net gain from equity investments	—	(596)
Other	32,612	34,898
Net change in:		
Accounts receivable	(34,307)	(4,973)
Other assets	(86,824)	(73,154)
Accounts payable and accrued expenses	(72,192)	90,816
Pension and postretirement benefits	(25,069)	(6,900)
Operating lease liability	(23,624)	(29,365)
Other liabilities	26,540	10,979
Participants' and Clearing Funds liabilities	(2,762,507)	3,806,863
Payable to Participants	(4,042,884)	3,577,271
Net cash (used in)/provided by operating activities	(6,357,398)	8,034,019
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Short-term investments	(3,220,000)	(1,200,000)
Maturities of Short-term investments	2,260,000	1,700,000
Purchases of Premises and equipment	(84,548)	(91,316)
Capitalized software development costs	(114,526)	(86,383)
Net cash paid in acquisition	—	(48,647)
Proceeds from sale of equity investments	—	49,791
Purchase of equity investments	—	(6,084)
Proceeds from company owned life insurance policies	537	2,757
Net cash (used in)/provided by investing activities	(1,158,537)	320,118
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Commercial paper	48,050,283	51,467,160
Repayments of Commercial paper	(47,109,662)	(51,544,259)
Proceeds from issuance of Long-term debt, net of debt issuance costs	1,240,857	990,283
Repayments on Long-term debt	(400,000)	(2,000,000)
Preferred stock dividend payments	(16,875)	(16,875)
Dividend to non-controlling interests	(6,300)	—
Net cash provided/(used in) by financing activities	1,758,303	(1,103,691)
Effect of foreign exchange rate changes on Cash and cash equivalents	(2,967)	1,468
Net (decrease)/increase in Cash and cash equivalents, Participants' segregated cash, Participants' and Clearing Funds cash deposits, Cash in Other Participants' assets, Restricted cash	(5,760,599)	7,251,914
Cash and cash equivalents, Participants' segregated cash, Participants' and Clearing Funds cash deposits, Cash in Other Participants' assets, Restricted cash - Beginning of year	56,331,269	49,079,355
Cash and cash equivalents, Participants' segregated cash, Participants' and Clearing Funds cash deposits, Cash in Other Participants' assets, Restricted cash - End of year	$ 50,570,670	$ 56,331,269
SUPPLEMENTAL DISCLOSURES:		
Interest paid	$ 680,195	$ 559,831
Income taxes paid - net of refunds	$ 180,857	$ 194,328

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

1. BUSINESS AND OWNERSHIP

The Depository Trust & Clearing Corporation (DTCC) is the parent company of various operating subsidiaries, including The Depository Trust Company (DTC), National Securities Clearing Corporation (NSCC), Fixed Income Clearing Corporation (FICC), DTCC ITP LLC (ITP), DTCC Deriv/SERV LLC (Deriv/SERV), DTCC Solutions LLC (Solutions (US)), DTCC 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 applicable affiliates are authorized to provide certain post-trade matching services pursuant to certain orders issued by regulatory authorities and may be subject to the supervision and examination by these authorities in the jurisdiction in which they operate including the SEC, the Financial Conduct Authority (FCA) in the United Kingdom, and the Autorité des Marchés Financiers (AMF) and the Ontario Securities Commission (OSC) in Canada.

Deriv/SERV provides strategic oversight to DTCC's trade repositories, Trade Information Warehouse and DTCC Report Hub® offerings. DerivSERV 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.

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 for the exclusive benefit of the Participants' customers. Certain Participants are required by their regulators to segregate a portion of cash and securities in specifically protected accounts on behalf of their clients in a good control location.

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 5, 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 and 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.

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 Participant 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, 2024 and 2023. The FRB stock, amounting to $6,402,000 as of December 31, 2024 and 2023, 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 equipment is 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:

Premises and equipment	Depreciation Period	Depreciation Method
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.

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 - 10 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 10 years, some of which may include options to extend the lease up to 10 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 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

S*ettlement and asset services.* Revenue derived from this revenue stream are in the form of transaction fees and subscription revenue. The Company provides settlement services for equity, corporate and municipal debt trades and money market instruments in the United States of America. Asset Servicing includes a broad range of services for underwriting, custody, corporate actions, dividend, proxy and reorganization services, as well as the electronic registration and transfer of securities processing.

Clearing services. Revenue derived from this revenue stream 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, LEIs and data analytics.

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

Wealth management services. Revenue derived from this revenue stream 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, 2024 and 2023 was $5,780,000 and $6,541,000 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 $6,541,000 as of December 31, 2023, $5,416,000 was recognized as revenue during the year ended December 31, 2024.

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 $10,685,000 and $14,711,000 for the years ended December 31, 2024 and 2023, respectively.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 75) and must be over 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. When an employee is eligible for retiree medical, they are also eligible for retiree life insurance.

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 Company maintains certain assets in trust for non-qualified retirement benefit obligations.

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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 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 charge of $136,000 and credit of $23,023,000 for the years ended December 31, 2024 and 2023, respectively. The BEIP receivable included in Other current assets on the accompanying Consolidated Statements of Financial Condition was $5,672,000 and $23,023,000 as of December 31, 2024 and 2023, respectively. See Note 11, Other Assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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 losses of $2,402,000 and gain of $295,000 for the years ended December 31, 2024 and 2023, 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.

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, 2024 and 2023 follows (in thousands):

	2024	2023
Cash and cash equivalents	$ 16,804,886	$ 15,774,381
Participants' segregated cash (Note 4)	3,232	57
Participants' and Clearing Funds cash deposits (Note 6)	33,015,103	35,777,609
Cash in Other Participants' assets (Note 4)	464,244	4,510,304
Restricted cash included in Other non-current assets (Note 11)	283,205	268,918
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	$ 50,570,670	$ 56,331,269

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Global Events and Crises. Global pandemics, sanctions, war, global cyber outage or natural disasters may have an adverse impact on market, economic and geopolitical conditions and trigger a period of global economic slowdown. Such a slowdown may have a material impact on the Company's financial results including changes in revenue, interest rates, liquidity/credit, and government and regulatory policy. At this time, the Company has not experienced any material adverse financial impacts from these events and crises.

3. ACCOUNTING AND REPORTING DEVELOPMENTS

Standard	Description	Impact on the financial statements or other significant matters
Financial Accounting Standards Board Standard Issued, but not yet Adopted		
ASU 2024-03 - Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40) *Issued November 2024*	• Enhances disclosures required for specified information about certain costs and expenses at each interim and annual reporting period an entity.	• Effective January 1, 2027. • The Company is evaluating the impact on its consolidated financial statements and related disclosures.
ASU 2023-09 - Income Taxes (Topic 740): Improvements to Income Tax Disclosures *Issued December 2023*	• 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. • 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.	• Effective January 1, 2025. • The adoption of the standard will not have a material impact on the Company's consolidated financial statements and related disclosures.
Recently Adopted Accounting Standards		
ASU 2023-08 - Intangibles - Goodwill and Other - Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets *Issued December 2023*	• Requires an entity to measure crypto assets at fair value in the statement of financial position each reporting period and recognize changes from remeasurement in net income. • Requires an entity to present crypto assets measured at fair value separately from other intangible assets in the balance sheet and changes from the remeasurement of crypto assets separately from changes in the carrying amounts of other intangible assets in the income statement. Additionally, specific presentation is required for cash receipts arising from crypto assets that are received as noncash consideration in the ordinary course of business and are converted nearly immediately into cash. • Specific annual disclosures are required upon adoption.	• Adopted January 1, 2024. • The adoption of the standard did not have a material impact on the Company's consolidated financial statements and related disclosures.

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

Details for Participants' segregated cash, Other Participants' assets and Payable to Participants as of December 31, 2024 and 2023 follow (in thousands):

	2024	2023
Assets:		
Participants' segregated cash	$ 3,232	$ 57
Other Participants' assets - cash	464,244	4,510,304
Total	$ 467,476	$ 4,510,361
Liabilities:		
Payable to Participants	$ 467,476	$ 4,510,361

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.

5. ACCOUNTS RECEIVABLE

Details for Accounts receivable as of December 31, 2024 and 2023 follow (in thousands):

	2024	2023
Due from Participants and customers for services	$ 211,423	$ 178,557
Allowance for credit losses	(370)	(184)
Due from Participants and customers for services, net	211,053	178,373
Other receivables	19,654	19,463
Total	$ 230,707	$ 197,836

Details for allowance for credit losses for the years ended December 31, 2024 and 2023 follow (in thousands):

	2024	2023
Beginning balance of allowance for credit losses	$ 184	$ 2,220
Increase/(decrease) in allowance	677	(1,723)
Less: Write-offs	(491)	(313)
Ending balance of allowance for credit losses	$ 370	$ 184

6. PARTICIPANTS' AND CLEARING FUNDS

Details for the Participants' and Clearing Funds as of December 31, 2024 and 2023 follow (in thousands):

	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	$ 848,331	$ 1,410,950	$ 14,691,266	$ 16,950,547

	2023			
	DTC	**NSCC**	**FICC**	**Total**
Total deposits	$ 1,984,734	$ 12,386,378	$ 68,845,589	$ 83,216,701
Less: Required deposits	1,128,000	8,349,399	56,600,011	66,077,410
Excess deposits	$ 856,734	$ 4,036,979	$ 12,245,578	$ 17,139,291

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, 2024 and 2023 follow (in thousands):

	2024			
	DTC	**NSCC**	**FICC**	**Total**
Cash and cash equivalents(1)	$ 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	$ 1,981,331	$ 10,295,246	$ 91,308,866	$ 103,585,443

	2023			
	DTC	**NSCC**	**FICC**	**Total**
Cash and cash equivalents(1)	$ 1,984,734	$ 11,778,982	$ 22,013,893	$ 35,777,609
U.S. Treasury Securities	—	607,396	38,477,750	39,085,146
U.S. Agency Residential Mortgage-Backed Securities	—	—	7,501,633	7,501,633
U.S. Agency Issued Debt Securities	—	—	852,313	852,313
Total	$ 1,984,734	$ 12,386,378	$ 68,845,589	$ 83,216,701

(1) The Company's cash and cash equivalents of the Participants' and Clearing Funds are all bank deposits as of December 31, 2024 and 2023.

7. PREMISES AND EQUIPMENT

The cost, accumulated depreciation and net book value of Premises and equipment as of December 31, 2024 and 2023 follow (in thousands):

	2024	2023
Furniture and equipment	$ 288,977	$ 270,331
Leasehold improvements	216,615	190,316
Buildings and improvements	22,468	22,534
Land	4,221	4,221
Total Premises and equipment	532,281	487,402
Less: Accumulated depreciation	(267,468)	(242,114)
Net book value	$ 264,813	$ 245,288

Depreciation expense for premises and equipment for the years ended December 31, 2024 and 2023 was $62,920,000 and $42,227,000, 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 $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 $1,051,000 for the year ended December 31, 2024 and is included in General and administrative in the accompanying Statements of Income. The Company disposed of fully depreciated premises and equipment that resulted in the removal of costs and accumulated depreciation of $80,697,000 for the year ended December 31, 2023.

8. GOODWILL AND INTANGIBLE ASSETS

The gross carrying value, accumulated amortization and net book value of Goodwill and Intangible assets as of December 31, 2024 and 2023 follow (in thousands):

	2024	2023
Goodwill:		
Gross carrying value	$ 81,811	$ 68,746
Intangible assets:		
Customer relationships:		
Gross carrying value	231,700	231,700
Accumulated amortization	(217,219)	(197,910)
Net book value	14,481	33,790
Capitalized software:		
Gross carrying value	671,251	594,655
Accumulated amortization	(423,749)	(348,326)
Net book value	247,502	246,329
Total Intangible assets - net of accumulated amortization	$ 261,983	$ 280,119

Goodwill impairment testing. DTCC completed its annual goodwill impairment test in the fourth quarter of 2024 and 2023 and concluded that goodwill was not impaired for the years ended December 31, 2024 and 2023. DTCC performed a qualitative assessment to test the goodwill for impairment and determined it was more likely than not that the fair value of each reporting unit exceeded their carrying value and therefore goodwill was deemed not impaired.

8. GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

Intangible assets. Amortization expense for intangible assets for the years ended December 31, 2024 and 2023 was $116,270,000 and $122,708,000, 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):

2025	$ 109,000
2026	78,558
2027	45,073
2028	15,830
2029	2,750
Thereafter	10,772
Total future estimated amortization	$ 261,983

During the years ended December 31, 2024 and 2023, disposals of fully amortized capitalized software resulted in the removal of cost and accumulated amortization of $18,235,000 and $181,125,000, respectively.

The Company recognized impairment charges of $3,358,000 and $14,296,000 related to capitalized software for the years ended December 31, 2024 and 2023, respectively. The impairment charges are included in Impairment of intangible assets in the accompanying Consolidated Statements of Income.

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 Pair Off 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.

During the year ended December 31, 2023, the Company recognized the following impairments of internally developed software and purchased software related to these projects:

The Securities Financing Transactions project experienced delays in revenues and a significant reduction in revenue projections compared to the original forecast triggering an evaluation for impairment. The evaluation concluded that the $11,914,000 carrying value of its internally developed software was not recoverable and exceeded its fair value.

The Client Management Reporting System project experienced a reduction in revenue projections triggering an evaluation for impairment. The evaluation concluded that the $1,369,000 carrying value of its internally developed software was not recoverable and exceeded its fair value.

The Analytics and Reporting Management - Data Lineage project, which experienced a change in strategy due to gaps in technology and increased costs triggering an evaluation for impairment. The evaluation concluded that the $781,000 carrying value of its internally developed software was not recoverable and exceeded its fair value.

The closure of GMEI utility resulted in BED ceasing LOU operations triggering an evaluation for impairment. The evaluation concluded that the $232,000 carrying value of its total internally developed software was not recoverable and exceeded its fair value.

9. BUSINESS COMBINATIONS

On December 7, 2023, the Company acquired the equity of Securrency Inc. ("Securrency") via a merger of Securrency with a wholly-owned subsidiary of the Company in accordance with the merger agreement. Upon the completion of the merger, Securrency operates under the name DTCC Digital (US) Inc. Securrency is a digital asset technology company that developed a platform that comprises of three key components: a capital markets platform, ledger scan, and digital asset composer. The acquisition will enable DTCC to establish a digital infrastructure that allows DTCC to extend its core services to the digital asset ecosystem and deliver no-touch processing.

The Company acquired the equity of Securrency for a purchase price of approximately $51.1 million. The acquisition of Securrency was accounted for as a business combination using the acquisition method of accounting. The excess of purchase price over fair value of assets obtained and liabilities assumed was allocated to goodwill. In connection with the acquisition, the Company provisionally recorded approximately $11.0 million of goodwill and $40.0 million capitalized software. The capitalized software will be amortized to expense over 10 years. At the time of the acquisition and previously issued financial statements, the accounting for the merger with Securrency was not completed because the valuation of the technology asset acquired (capitalized software) had not been finalized. The assets acquired, liabilities assumed, and consideration paid in the acquisition were recorded at their estimated fair values based on management's best estimates using information available at the date of the acquisition. Expenses associated with the acquisition were approximately $6.5 million for the year ended December 31, 2023, which primarily consisted of legal and consulting costs and were expensed as incurred.

During the third quarter of 2024, the Company finalized the fair value of the technology asset acquired as part of the merger with Securrency to be $27.5 million. As a result, the fair value of the technology intangible asset was decreased by $12.5 million with a corresponding increase to goodwill, and the adjustments were made during the one-year measurement period to finalize management's fair value estimates for the assets acquired and liabilities assumed. In addition, the change to the provisional amount resulted in a decrease in amortization expense and accumulated amortization of $1,042,000, of which $729,000 relates to previous reported period, based on the revised measurement of the technology intangible asset.

The assets acquired and liabilities assumed as of the acquisition date and the measurement period adjustments follow (in thousands):

	Amounts at Acquisition Date	Measurement-period Adjustments	Amounts after Adjustments
Purchase price allocation:			
Purchase price	$ 50,503	$ 565	$ 51,068
Assets acquired:			
Cash and cash equivalents	1,856	—	1,856
Accounts receivable	645	—	645
Other current assets	431	—	431
Premises and equipment	211	—	211
Intangible assets	40,034	(12,500)	27,534
Operating lease right-of-use-asset	495	—	495
Other non-current assets	472	—	472
Total assets acquired	44,144	(12,500)	31,644
Liabilities assumed:			
Operating lease liability	523	—	523
Accounts payable and accrued expenses	2,497	—	2,497
Other current liabilities	1,394	—	1,394
Other non-current liabilities	274	—	274
Total liabilities assumed	4,688	—	4,688
Net assets acquired	39,456	(12,500)	26,956
Goodwill	$ 11,047	$ 13,065	$ 24,112

10. LEASES

Details for leased lease assets and lease liabilities as of December 31, 2024 and 2023 follow (in thousands):

	Operating Leases		Finance Leases		Total	
	2024	2023	2024	2023	2024	2023
Assets						
Operating lease right-of-use-asset	$ 142,374	$ 156,027	$ —	$ —	$ 142,374	$ 156,027
Other non-current assets	—	—	25,613	—	25,613	—
Total leased assets	$ 142,374	$ 156,027	$ 25,613	$ —	$ 167,987	$ 156,027
Liabilities						
Current portion of operating lease liability	$ 27,138	$ 25,148	$ —	$ —	$ 27,138	$ 25,148
Other current liabilities	—	—	9,618	—	9,618	—
Non-current operating lease liability	164,359	181,388	—	—	164,359	181,388
Other non-current liabilities	—	—	19,040	—	19,040	—
Total operating lease liabilities	$ 191,497	$ 206,536	$ 28,658	$ —	$ 220,155	$ 206,536

Details for the maturity of lease liabilities as of December 31, 2024 for each of the next five years and thereafter follow (in thousands):

	Operating Leases	Finance Leases	Total
2025	$ 34,153	$ 10,674	$ 44,827
2026	30,866	10,073	40,939
2027	26,905	9,800	36,705
2028	27,380	—	27,380
2029	28,109	—	28,109
Thereafter	75,357	—	75,357
Total lease payments	222,770	30,547	253,317
Less: Imputed interest	(31,273)	(1,889)	(33,162)
Present value of lease liability	$ 191,497	$ 28,658	$ 220,155

Details for lease expense for the years ended December 31, 2024 and 2023 follow (in thousands):

	Operating Leases 2024	Finance Leases 2024	Total 2024	Operating Leases 2023	Finance Leases 2023	Total 2023
Occupancy	$ 30,898	$ —	$ 30,898	$ 31,655	$ —	$ 31,655
Information technology	—	4,054	4,054	7,510	—	7,510
Total lease expense	30,898	4,054	34,952	39,165	—	39,165
Sublease income (1)	(5,207)	—	(5,207)	(5,117)	—	(5,117)
Net lease expense	$ 25,691	$ 4,054	$ 29,745	$ 34,048	$ —	$ 34,048

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

Details for supplemental cash flow information related to operating lease liabilities for the years ended December 31, 2024 and 2023 follow (in thousands):

10. LEASES (CONTINUED)

	2024	2023
Operating lease payments included in the measurement of lease liabilities	$ (31,181)	$ (37,075)
Accretion of operating lease liabilities	7,557	7,710
Net decrease in Operating lease liability[(1)]	$ (23,624)	$ (29,365)

(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, 2024 and 2023 follow:

	Operating Leases		Finance Leases	
	2024	2023	2024	2023
Weighted average remaining lease term (years)	7.3	8.1	3.0	—
Weighted average discount rate	4.24 %	3.59 %	4.66 %	— %

Lease right-of-use assets obtained in exchange for operating lease obligations were $10,450,000 and $3,520,000 for the years ended December 31, 2024 and 2023, respectively.

11. OTHER ASSETS

Details for Other assets as of December 31, 2024 and 2023 follow (in thousands):

	2024	2023
Prepaid expenses	$ 201,143	$ 151,157
Prepaid taxes	64,422	29,457
Interest receivable	47,894	39,472
Business employment incentive program	5,672	23,023
Other current assets	1,076	1,087
Total other current assets	320,207	244,196
Restricted cash	283,205	268,918
Long-term incentive plan assets	108,982	126,298
Cash surrender value on insurance policies	70,064	65,722
Prepaid expenses	59,021	61,112
Deferred tax assets	52,779	56,910
Pension and postretirement	39,688	40,531
Finance lease assets	25,613	—
Equity investments	7,278	7,278
Investment in Federal reserve stock	6,402	6,402
Other non-current assets	2,896	2,229
Total other non-current assets	655,928	635,400
Total	$ 976,135	$ 879,596

12. OTHER LIABILITIES

Details for Other liabilities as of December 31, 2024 and 2023 follow (in thousands):

	2024	2023
Compensation payable	$ 189,106	$ 179,441
Long-term incentive plan liabilities	43,131	32,500
Accrued payroll and payroll withholdings	42,937	47,436
Payroll taxes payable	23,336	21,158
Current finance lease liabilities	9,618	—
Deferred revenue	5,350	5,944
Deferred sublease income	2,739	4,066
Other current liabilities	832	1,830
Total other current liabilities	317,049	292,375
Long-term incentive plan liabilities	197,048	210,210
Unrecognized tax benefits	34,636	38,566
Interest rate swaps(1)	19,357	311
Non-current finance lease liabilities	19,040	—
Asset retirement obligations(2)	2,549	2,676
Deferred tax liabilities	1,077	128
Deferred revenue	430	597
Total other non-current liabilities	274,137	252,488
Total	$ 591,186	$ 544,863

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

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

13. COMMERCIAL PAPER

Details for Commercial paper as of December 31, 2024 and 2023 follow (in thousands):

	2024	2023
Commercial paper - net of unamortized discount of $25,830 and $92,370 as of December 31, 2024 and 2023, respectively	$ 9,973,028	$ 9,076,862
Weighted-average interest rate	4.59 %	5.46 %

Interest expense on Commercial paper, included in Interest expense in the accompanying Consolidated Statements of Income, was $455,231,000 and $481,691,000 for the years ended December 31, 2024 and 2023, respectively.

14. LONG-TERM DEBT

Details for Long-term debt as of December 31, 2024 and 2023 follow (in thousands):

	2024	2023
Senior notes[1]	$ 4,563,008	$ 3,731,774
Less: Current portion of long-term debt	(2,147,603)	(398,813)
Non-current portion of long-term debt	$ 2,415,405	$ 3,332,961

(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):

2025	$ 2,150,000
2026	625,000
2027	600,000
2028	600,000
2029	625,000
Thereafter	—
Total	$ 4,600,000

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, 2024 follow (in thousands):

Issue Date	Maturity	Payable	Rate	Principal Balance	Carrying Value
April 23, 2020	April 23, 2025	Semi-annually	1.50%	$ 1,000,000	$ 999,472
December 7, 2020	December 7, 2025	Semi-annually	0.75%	750,000	748,662
November 21, 2022	November 21, 2027	Semi-annually	5.10%	600,000	590,799
May 30, 2023	May 30, 2025	Semi-annually	5.15%	400,000	399,469
May 30, 2023	May 30, 2028	Semi-annually	5.00%	600,000	584,250
June 26, 2024	June 26, 2026	Semi-annually	5.15%	625,000	622,350
June 26, 2024	June 26, 2029	Semi-annually	4.90%	625,000	618,006
				$ 4,600,000	$ 4,563,008

Interest expense and amortization of discount and issuance costs, included in Interest expense in the accompanying Consolidated Statements of Income, were $161,483,000 and $118,201,000 for the years ended December 31, 2024 and 2023, respectively. The weighted-average interest rate was 3.58% and 3.25% as of December 31, 2024 and 2023, respectively. The aggregate unamortized debt issuance costs and discount associated with the senior notes were $17,635,000 and $17,915,000, as of December 31, 2024 and 2023, respectively.

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, 2024 and 2023 follow (in thousands):

Date Entered	Notional of Swap	Debt Amount Hedged	Fixed Rate Receivable	Floating Rate Payable	Fair Value in Other Assets / (Other Liabilities)	
					2024	2023
November 21, 2022	$ 600,000	$ 600,000	5.10 %	USD-Federal Funds-OIS Compound plus 1.365%	$ (6,509)	$ 1,184
May 30, 2023	$ 600,000	$ 600,000	5.00 %	USD-Federal Fund-OIS Compound plus 1.4621%	(10,867)	(1,495)
June 26, 2024	$ 625,000	$ 625,000	4.90 %	USD-Federal Fund-OIS Compound plus 0.9138%	(1,981)	—
					$ (19,357)	$ (311)

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 purpose, 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.

14. LONG-TERM DEBT (CONTINUED)

Details for the terms of the outstanding lines of credit as of December 31, 2024 and 2023 follow:

	2024	2023
DTCC		
Committed Amount	$500 million	$500 million
Denomination	USD	USD
Number of Participants/Lenders	13/13	13/13
Borrowing Rate	Base Rate plus 0.125%, or Adjusted Term Secure Overnight Financing Rate (SOFR) or Adjusted Daily SOFR plus 1.125%	Base Rate plus 0.125%, or Adjusted Term Secure Overnight Financing Rate (SOFR) or Adjusted Daily SOFR plus 1.125%
Maturity Date	January 2025	January 2025
Annual Facility Fee	0.15%(1)	0.15%(1)
DTC		
Committed Amount	$1.9 billion	$1.9 billion
Denomination	USD	USD
Number of Participants/Lenders	26/34	29/35
Borrowing Rate	The greatest of the FRBNY rate, Adjusted Daily SOFR, or zero on the day of borrowing, plus 1.40%	The greatest of the FRBNY rate, Adjusted Daily SOFR, or zero on the day of borrowing, plus 1.40%
Maturity Date	July 2025	April 2024
Annual Facility Fee	0.10%(1)	0.10%(1)
NSCC		
Committed Amount	$9.6 billion	$9.5 billion
Denomination	USD	USD
Number of Participants/Lenders	22/34	29/35
Borrowing Rate	The greatest of the FRBNY rate, Adjusted Daily SOFR, or zero on the day of borrowing plus 1.40%	The greatest of the FRBNY rate, Adjusted Daily SOFR, or zero on the day of borrowing plus 1.40%
Maturity Date	July 2025	April 2024
Annual Facility Fee	0.10%(1)	0.10%(1)
FICC		
Committed Amount	$200 million	$—
Denomination	USD	—
Number of Participants/Lenders	1/1	—
Borrowing Rate	Federal Funds Rate plus 1.40%	—
Maturity Date	May 2025	—
Annual Facility Fee	0.25%(1)	—%

(1) The annual facility fee associated with maintaining the line of credit is included in Professional and other services in the accompanying Consolidated Statements of Income.

There were no borrowings under the lines of credit during 2024 and 2023.

14. LONG-TERM DEBT (CONTINUED)

Details for debt covenants related to the lines of credit as of December 31, 2024 and 2023 follow:

	2024	2023
DTCC		
Minimum Net Worth	$1.65 billion	$1.65 billion
Maximum Priority Debt	$200 million	$200 million
DTC		
Minimum Net Worth	$200 million	$200 million
Minimum Participants Fund deposits	$750 million	$750 million
NSCC		
Minimum Net Worth	$200 million	$200 million
Minimum Clearing Fund deposits	$1.5 billion	$1.5 billion
FICC		
Minimum Capital Requirements[2]	$318 million	$—

(2) See Note 19

As of December 31, 2024 and 2023, 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, 2024 follow:

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

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

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:

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

15. FAIR VALUE MEASUREMENTS (CONTINUED)

Product/ Instrument	Valuation Methodology	Classification in the valuation hierarchy
Assets - Other assets		
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
Assets - Other non-current assets		
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
Liabilities - Participants' and Clearing Funds - Securities liabilities		
Participants' and Clearing Funds liabilities	Derived from the corresponding Participants' and Clearing Funds assets (see above).	Level 1 and Level 2
Liabilities - Other liabilities		
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

15. FAIR VALUE MEASUREMENTS (CONTINUED)

Fair value measurements of those items measured on a recurring basis as of December 31, 2024 and 2023 follow (in thousands):

	2024			
	Total	Level 1	Level 2	Level 3
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	—
Total assets	$ 70,679,322	$ 60,579,655	$ 10,099,667	$ —
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	—
Total liabilities	$ 70,589,697	$ 60,481,963	$ 10,107,734	$ —

	2023			
	Total	Level 1	Level 2	Level 3
Assets:				
Clearing Funds				
U.S. Treasury Securities	$ 39,085,146	$ 39,085,146	$ —	$ —
U.S. Agency Issued Debt Securities	852,313	615,495	236,818	—
U.S. Agency Residential Mortgage-Backed Securities	7,501,633	—	7,501,633	—
Other non-current assets				
Long-term incentive plan assets - Mutual fund and Stable value fund investments	126,298	111,928	14,370	—
Total assets	$ 47,565,390	$ 39,812,569	$ 7,752,821	$ —
Liabilities:				
Clearing Funds				
Securities liabilities	$ 47,439,092	$ 39,700,641	$ 7,738,451	$ —
Other non-current liabilities				
Interest rate swaps	311	—	311	—
Total liabilities	$ 47,439,403	$ 39,700,641	$ 7,738,762	$ —

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, 2024 follow (in thousands):

	2024				
	Carrying Amount	Total Fair Value	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	$51,780,670	$51,780,670	$50,570,670	$ 1,210,000	$ —
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	$48,037,972	$48,027,252	$33,482,579	$14,544,673	$ —

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, 2023 follow (in thousands):

	2023				
	Carrying Amount	Total Fair Value	Level 1	Level 2	Level 3
Assets:					
Cash and cash equivalents	$ 15,774,381	$ 15,774,381	$ 15,774,381	$ —	$ —
Participants' segregated cash	57	57	57	—	—
Short-term investments	250,000	250,000	—	250,000	—
Participants' and Clearing Funds:					
Cash deposits - Bank deposits	35,777,609	35,777,609	35,777,609	—	—
Other Participants' assets	4,510,304	4,510,304	4,510,304	—	—
Other non-current assets:					
Restricted cash	268,918	268,918	268,918	—	—
Total	$ 56,581,269	$ 56,581,269	$ 56,331,269	$ 250,000	$ —
Liabilities:					
Commercial paper	$ 9,076,862	$ 9,076,862	$ —	$ 9,076,862	$ —
Participants' and Clearing Funds:					
Cash deposits - Bank deposits	35,777,609	35,777,609	35,777,609	—	—
Payable to Participants	4,510,361	4,510,361	4,510,361	—	—
Long-term debt	3,731,774	3,682,992	—	3,682,992	—
Total	$ 53,096,606	$ 53,047,824	$ 40,287,970	$ 12,759,854	$ —

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. The carrying amount of the investments were $7,278,000 and $7,278,000 as of December 31, 2024 and 2023, respectively, and is included in the Investment in Federal reserve stock on the accompanying Consolidated Statements of Financial Condition. See Note 11, Other Assets.

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	
	2024	2023	2024	2023
Benefit obligations, beginning of year:	$ 806,148	$ 813,364	$ 41,201	$ 46,230
Service cost	1,074	1,147	211	272
Interest cost	39,101	41,897	1,954	2,268
Gross benefits paid	(74,968)	(66,601)	(2,995)	(1,394)
Expenses paid	(1,387)	(1,365)	—	—
Actuarial loss (gain)	(28,010)	17,706	(2,723)	(6,174)
Total benefit obligations at end of year	$ 741,958	$ 806,148	$ 37,648	$ 41,202
Total accumulated benefit obligations at end of year	$ 741,625	$ 804,617	N/A	N/A

The Accumulated Benefit Obligations are defined as the actuarial present value of Pension benefits attributed to employee services rendered before December 31, 2024 and 2023, and based on employee service and compensation prior to the measurement date.

Funded status. The funded status of the plans, as of December 31, 2024 and 2023, follow (in thousands):

	Pension Benefits				Other Benefits	
	Pension Plan		Other Supplemental Pension Plans		Medical & Life Plans	
	2024	2023	2024	2023	2024	2023
Benefit obligations at end of year:						
Qualified plan	$ 683,188	$ 727,906	$ —	$ —	$ —	$ —
Other plans	—	—	58,769	78,242	37,648	41,202
Total benefit obligations at end of year	683,188	727,906	58,769	78,242	37,648	41,202
Total fair value of plan assets at end of year	722,278	766,720	—	—	—	—
Funded (unfunded) status	$ 39,090	$ 38,814	$ (58,769)	$ (78,242)	$ (37,648)	$ (41,202)
Amounts recognized in the Consolidated Statements of Financial Condition consist of:						
Non-current assets	$ 39,090	$ 38,814	$ —	$ —	$ —	$ —
Current liability	—	—	(6,259)	(24,127)	(3,492)	(3,609)
Non-current liability	—	—	(52,510)	(54,115)	(34,156)	(37,593)
Amount recognized, end of year	$ 39,090	$ 38,814	$ (58,769)	$ (78,242)	$ (37,648)	$ (41,202)

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	
	2024	2023	2024	2023
Fair value of plan assets, beginning of year	$ 766,720	$ 756,941	$ —	$ —
Actual return on plan assets	10,260	64,453	—	—
Employer contribution	21,653	13,292	2,995	1,394
Gross benefits paid	(74,968)	(66,601)	(2,995)	(1,394)
Expenses paid	(1,387)	(1,365)	—	—
Fair value of plan assets, end of year	$ 722,278	$ 766,720	$ —	$ —

Details of the classification of plan assets in accordance with the three-tier fair valuation hierarchy and current asset allocations as of December 31, 2024 and 2023, follow (in thousands, except percentages):

	Target Allocation 2024	Percentage of Plan Assets, December 31, 2024	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)[(1)]	Quoted Prices in Active Markets for Similar Assets (Level 2)[(1)]
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 [(2)]	88.00 %	88.41 %	638,617	—	638,617
Guaranteed insurance contracts:					
Group annuity contract [(3)]	2.00 %	0.72 %	5,232	—	—
Total pension assets as of December 31, 2024			$ 722,278	$ 13,316	$ 703,730

16. RETIREMENT PLANS (CONTINUED)

	Target Allocation 2023	Percentage of Plan Assets, December 31, 2023	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)(1)	Quoted Prices in Active Markets for Similar Assets (Level 2)(1)
Pension assets as of December 31, 2023:					
Short-term investment fund	0.50 %	0.85 %	$ 6,533	$ —	$ 6,533
Equity Portfolio:					
Domestic large cap growth			14,182	—	14,182
Domestic large cap value			14,246	—	14,246
Domestic large cap core			28,398	—	28,398
Domestic small core			5,969	3,002	2,967
International core			8,868	8,868	—
International emerging markets			2,936	2,936	—
Total equity securities	9.50 %	9.73 %	74,599	14,806	59,793
Fixed income portfolio:					
Domestic liability driven investment (2)	88.00 %	88.44 %	678,112	—	678,112
Guaranteed insurance contracts:					
Group annuity contract (3)	2.00 %	0.98 %	7,476	—	—
Total pension assets as of December 31, 2023			$ 766,720	$ 14,806	$ 744,438

(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, 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. As of December 31, 2023, the balance included Principal/Multi-Manager Liability Driven Solution Collective Investment Trust I of $363 million and Principal/Multi-Manager Liability Driven Solution Collective Investment Trust II of $308 million, representing 47% and 40% 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.

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, 2024 and 2023, follow (in thousands):

	Pension Benefits		Other Benefits	
	2024	2023	2024	2023
Components of net periodic benefit expense (income):				
Expected return on plan assets	$ (44,957)	$ (46,417)	$ —	$ —
Interest cost	39,101	41,897	1,954	2,268
Service cost	1,074	1,147	211	272
Amortizations:				
Prior service cost (credit)	87	87	—	—
Actuarial loss (gain)	310	95	(2,390)	(1,474)
Settlement loss	2,106	1,101	—	—
Net periodic benefit expense (income)	$ (2,279)	$ (2,090)	$ (225)	$ 1,066

Changes in OCI. Details of the changes in plan assets and benefit obligations recognized in OCI for the years ended December 31, 2024 and 2023, follow (in thousands):

	Pension Benefits		Other Benefits	
	2024	2023	2024	2023
Other changes recognized in OCI:				
Net loss (gain) arising during the period	$ 6,686	$ (329)	$ (2,723)	$ (6,174)
Amortizations:				
Prior service credit (cost)	(87)	(87)	—	—
Actuarial and settlement gain (loss)	(2,416)	(1,196)	2,390	1,474
Net other changes in OCI, pre-tax	$ 4,183	$ (1,612)	$ (333)	$ (4,700)

Details of the net amount recognized in Accumulated other comprehensive loss on the accompanying Consolidated Statements of Financial Condition as of December 31, 2024 and 2023, follow (in thousands):

	Pension Benefits		Other Benefits	
	2024	2023	2024	2023
Amount not reflected in net periodic benefit (cost) and included in Accumulated other comprehensive income (loss):				
Prior service credit (cost)	$ (1,390)	$ (1,478)	$ —	$ —
Accumulated income (loss)	(226,595)	(222,326)	12,960	12,627
Accumulated other comprehensive income (loss), pre-tax	$ (227,985)	$ (223,804)	$ 12,960	$ 12,627

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, 2024 and 2023 follow:

	Pension Benefits		Other Benefits	
	2024	**2023**	**2024**	**2023**
Weighted-average assumptions used to determine net periodic benefit expense (income) for the years ended December 31:				
Discount rate	5.15%	5.42%	5.13%	5.41%
Expected long-term rate of return on plan assets	5.25%	5.30%	n/a	n/a
Assumed health care cost trend rates as of December 31:				
Health care cost trend rate assumed for next year			6.26%	6.60%
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			2047	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, 2024 and 2023 follow:

	Pension Benefits		Other Benefits	
	2024	**2023**	**2024**	**2023**
Weighted-average assumptions used to determine benefit obligations as of December 31:				
Discount rate	5.66%	5.15%	5.60%	5.13%
Rate for interest cost	5.13%	5.42%	5.06%	5.34%
Rate for service cost	n/a	n/a	5.17%	5.42%
Rate for interest on service cost	n/a	n/a	5.13%	5.42%
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

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 2024 and 2023. Settlement losses relate to early retirement of executives who elected lump-sum and periodic payments. Settlement losses totaled $2,106,000 and $1,101,000 for the years ended December 31, 2024 and 2023, respectively. There were no participant contributions to the plans in 2024 and 2023.

Details for the benefit payments for the pension plans and other plans for 2024 and 2023 follow (in thousands):

	2024	2023
Pension plans	$ 74,968	$ 66,601
Other plans	2,995	1,394
Total	$ 77,963	$ 67,995

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

	Pension	Employer Benefits Payments	Medicare Subsidy Receipts
2025	$ 60,868	$ 3,492	$ —
2026	58,990	3,472	—
2027	60,951	3,398	—
2028	66,389	3,386	—
2029	63,876	3,311	—
Thereafter	277,930	14,913	—
Total	$ 589,004	$ 31,972	$ —

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 $53,410,000 and $49,768,000 for the years ended December 31, 2024 and 2023, respectively.

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 for the components of the Company's Provision for income taxes for the years ended December 31, 2024 and 2023 follow (in thousands):

	2024	2023
Current income tax/(benefit):		
Federal	$ 75,975	$ 135,091
State and local	46,495	44,260
Foreign	21,227	20,175
Total current income tax/(benefit)	143,697	199,526
Deferred income tax/(benefit):		
Federal	(963)	(35,127)
State and local	1,935	(22,747)
Foreign	5,064	7,800
Total deferred income tax/(benefit)	6,036	(50,074)
Provision for income taxes	$ 149,733	$ 149,452

The 2024 and 2023 effective tax rates differ from the 21% Federal statutory tax rate mainly due to state and local taxes, changes in unrecognized tax benefits, U.S. taxes on foreign operations, rate differential from foreign operations, and valuation allowance. Details for the reconciliation of the U.S. Federal statutory tax rate to the Company's effective tax rate on Income before taxes for the years ended December 31, 2024 and 2023 follow:

	2024	2023
U.S. statutory tax rate	21.0 %	21.0 %
State and local income taxes, net of Federal income tax benefit	5.1	3.1
Change in unrecognized tax benefits	(1.0)	1.5
Research activities	(0.2)	(0.2)
Benefit on foreign operations	(0.9)	(0.9)
Income from foreign operations	(0.2)	(0.3)
Valuation allowance	(0.4)	(0.2)
Other	0.1	0.8
Effective tax rate	23.5 %	24.8 %

17. INCOME TAXES (CONTINUED)

Details for the components of deferred tax assets and liabilities as of December 31, 2024 and 2023 follow (in thousands):

	2024	2023
Deferred tax assets:		
Accrued compensation and benefits	$ 66,832	$ 75,228
Operating lease liabilities and deferred rent	41,264	46,805
Capitalized Software	24,809	9,068
Other	28,307	39,396
Total deferred tax assets	161,212	170,497
Deferred tax liabilities:		
Lease right-of-use asset	(27,500)	(33,140)
Investment tax basis difference	(39,801)	(39,000)
Depreciation	(41,827)	(36,866)
Total deferred tax liabilities	(109,128)	(109,006)
Net deferred tax assets before valuation allowance	52,084	61,491
Valuation allowance	(382)	(4,709)
Net deferred tax assets	$ 51,702	$ 56,782

A valuation allowance has been recorded against deferred tax assets of $382,000 and $4,709,000 as of December 31, 2024 and 2023, respectively, 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.

Details for unrecognized tax benefits, included in Other non-current liabilities, as of December 31, 2024 and 2023 follow (in thousands):

	2024	2023
Beginning balance	$ 35,246	$ 23,645
Increases:		
Prior period tax positions	10,918	3,500
Current period tax positions	4,040	14,955
Decreases:		
Prior period tax positions	(14,094)	(4,788)
Statute of limitations	(6,123)	(2,066)
Settlements with tax authorities	(337)	—
Unrecognized tax benefit	29,650	35,246
Accrued interest	4,986	3,320
Ending balance	$ 34,636	$ 38,566

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 $1,666,000 and $1,011,000 for the years ended December 31, 2024 and 2023, respectively.

17. INCOME TAXES (CONTINUED)

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 for the periods currently under examination and remaining subject to examination by jurisdiction as of December 31, 2024 follow:

	Tax Years	
Jurisdiction	**Under Examination**	**Subject to Examination**
U.S. Federal - Internal Revenue Service	-	2021 - 2023
New York State	-	2021 - 2023
New York City	2015 - 2020	2021 - 2023
State of California	2019 - 2020	2022 - 2023
State of New Jersey	2019 - 2021	2022 - 2023

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 countries in which we do business have enacted implementing legislation effective January 1, 2024. Based on the Company's analysis of such enacted legislation for jurisdictions in which we operate, there was not a material impact to the Company's 2024 income tax provision. DTCC continues to evaluate impacts as further guidance is released.

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. DTCC issued 2,000 shares of Fixed Rate Reset Non-Cumulative Perpetual Preferred stock, Series D, $0.50 par value per share, with a liquidation preference of $250,000 per share. 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.

18. SHAREHOLDERS' EQUITY (CONTINUED)

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

Approved and Declared Date	Record Date	Payment Date	Declared Dividend	Shares Outstanding	Dividend Paid
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

Details of dividends paid to holders of the Series D Preferred Stock during the years ended December 31, 2023 follow:

Approved and Declared Date	Record Date	Payment Date	Declared Dividend	Shares Outstanding	Dividend Paid
November 1, 2023	November 30, 2023	December 20, 2023	$ 4,218.75	2,000	$ 8,437,500
April 17, 2023	May 31, 2023	June 20, 2023	$ 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, 2024 and 2023. 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 dividends declared to holders of the DTC Series A Preferred Stock during the years ended December 31, 2024 follow:

Approved and Declared Date	Record Date	Payment Date	Declared Dividend	Dividend Paid
March 19, 2024	March 19, 2024	April 9, 2024	$ 6,300,000	$ 6,300,000

There were no dividends declared to holders of the DTC Series A Preferred Stock during the year ended December 31, 2023.

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.

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, 2024 and 2023 follow (in thousands):

	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	$ 431,956	$ 304,304	$ 152,111

	2023		
	DTC	NSCC	FICC
General business risk capital requirement	$ 234,639	$ 270,191	$ 163,369
Corporate contribution	117,320	135,096	81,684
Total requirement	351,959	405,287	245,053
Liquid net assets funded by equity	731,373	637,350	393,085
Excess	$ 379,414	$ 232,063	$ 148,032

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

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, 2024 follow:

	Ratio	Minimum Capital Ratio[(a)]	Well Capitalized Ratio[(a)]
Tier 1 capital ratio [(1)]	114.81 %	6.00 %	8.00 %
Total capital ratio [(1)]	114.81 %	8.00 %	10.00 %
Tier 1 leverage ratio [(2)]	23.19 %	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. In addition, a Participant may be subject to an additional collection of margin on an intraday basis through the Clearing Fund.

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 GCF Repo service and Sponsored GC 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 DVP Repo transactions settle same day, or T+0, via FICC's Same Day Settling service. With the exception of Sponsored GC Trades, eligible trades are guaranteed and novated upon comparison. Regarding Sponsored GC 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 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 marked-to-market twice-daily through the funds-only settlement process. In addition, a Participant may be subject to an additional amount referred to as the intraday supplemental fund deposit, which, if applicable, may be collected on an intraday basis through the Clearing Fund.

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 an 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.

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, 2024 and 2023 follow (in billions):

	2024	2023
FICC		
GSD	$ 2,818	$ 2,231
MBSD	455	360
NSCC	117	197

There were no defaults by Participants to these obligations in 2024 and 2023.

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.

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

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 agency 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.

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.

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

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, investments, 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.

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, 2024 and 2023 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,	
	2024	2023
ASSETS:		
Cash and cash equivalents	$ 720,985	$ 781,514
Short-term investments	200,000	50,000
Investments in subsidiaries	2,499,890	2,354,736
Due from subsidiaries	655,571	370,669
Premises, equipment and intangible assets	242,504	224,044
Operating lease right-of-use asset	120,022	141,932
Other assets	509,156	479,742
TOTAL ASSETS	$ 4,948,128	$ 4,402,637
LIABILITIES AND SHAREHOLDERS' EQUITY:		
LIABILITIES:		
Pension and postretirement benefits	$ 96,418	$ 119,443
Operating lease liability	168,579	191,830
Other liabilities	512,461	380,787
Total liabilities	777,458	692,060
SHAREHOLDERS' EQUITY:		
Preferred stock	491,500	491,500
Common stock	5,091	5,091
Additional paid-in capital	411,065	411,065
Retained earnings	3,447,592	2,982,973
Accumulated other comprehensive loss, net of tax	(184,578)	(180,052)
Total shareholders' equity	4,170,670	3,710,577
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 4,948,128	$ 4,402,637

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 2024 and 2023, 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, 2024	2023
REVENUES:		
Equity in earnings of subsidiaries	$ 378,739	$ 340,424
Interest and other income	180,451	166,192
Total revenues	559,190	506,616
OPERATING EXPENSES (INCOME):		
Professional services	12,738	9,663
Other	45,441	10,035
Total operating expenses	58,179	19,698
Income before taxes	501,011	486,918
Provision for income taxes	19,517	33,995
Net income attributable to DTCC	$ 481,494	$ 452,923

22. PARENT COMPANY CONDENSED FINANCIAL STATEMENTS (CONTINUED)

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

	For the years ended December 31, 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 481,494	$ 452,923
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:		
Equity in earnings of subsidiaries	(378,739)	(340,424)
Deferred income taxes	10,520	(17,672)
Other	16,682	6,275
Net change in:		
Due from subsidiaries	(284,902)	(94,096)
Operating lease liability	(18,022)	(7,181)
Other operating assets and liabilities, net	81,663	236,068
Net cash (used in)/provided by operating activities	(91,304)	235,893
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments in subsidiaries	—	(300,470)
Purchase of Short-term investments	(150,000)	(50,000)
Distributions from subsidiaries	286,300	—
Capitalized software development costs and purchases of Premises and equipment	(82,343)	(91,554)
Net cash provided by/(used in) investing activities	53,957	(442,024)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Preferred stock dividend payments	(16,875)	(16,875)
Dividend to non-controlling interests	(6,300)	—
Cash used in financing activities	(23,175)	(16,875)
Effect of foreign exchange rate changes on Cash and cash equivalents	(7)	33
Net decrease in Cash and cash equivalents	(60,529)	(222,973)
Cash and cash equivalents - Beginning of year	781,514	1,004,487
Cash and cash equivalents - End of year	$ 720,985	$ 781,514
SUPPLEMENTAL DISCLOSURES:		
Interest paid	$ 2,167	$ 2,276
Income taxes paid - net of refunds	$ 86,565	$ 76,428

23. SUBSEQUENT EVENTS

The Company evaluated events and transactions occurring after December 31, 2024 through March 25, 2025, the date these consolidated financial statements were available to be issued, for potential recognition or disclosure. No additional events or transactions, other than as disclosed below, occurred during such period that would require recognition or disclosure in these consolidated financial statements.

On January 24, 2025, the Company renewed the annual lines of credit on DTCC for $500 million. This line of credit will mature on January 24, 2030.