

REGISTERED NUMBER: 07278142 (England and Wales)

DTCC DERIVATIVES REPOSITORY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015



	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Strategic Report</b>	<b>2 to 3</b>
<b>Directors' Report</b>	<b>4 to 5</b>
<b>Statement of Directors' Responsibilities</b>	<b>6</b>
<b>Independent Auditor's Report</b>	<b>7</b>
<b>Statement of Comprehensive Income</b>	<b>8</b>
<b>Statement of Financial Position</b>	<b>9</b>
<b>Statement of Changes in Equity</b>	<b>10</b>
<b>Statement of Cash Flows</b>	<b>11</b>
<b>Notes to the Financial Statements</b>	<b>12 to 19</b>

**DIRECTORS:**

Christopher Childs  
Simon Cooper  
David Coulson (Appointed 24 November 2015)  
Anthony Deluca  
Andrew Douglas (Appointed 19 November 2015)  
Illa Eckhoff  
Anthony Robin Fraser (Resigned 31 December 2015)  
John Gidman  
Alberto Giovannini  
Erica Leslie Horan (Resigned 13 May 2015)  
William Francis Hughes  
Ian Robert Mclelland (Resigned 19 March 2015)  
Leda Mehilli (Resigned 14 January 2016)  
Donna Milrod (Appointed 19 April 2016)  
Todd Gerald Primavera  
Oliver Stuart  
Veronique Sani (Resigned 14 October 2015)  
Larry Eugene Thompson  
Nicolas Veron  
Kathryn Patricia Wallis (Resigned 13 May 2015)  
Valentino Wotton

**SECRETARY:**

David William Bray (Resigned 1 December 2015)  
Karl Spielmann (Appointed 1 December 2015)

**REGISTERED OFFICE:**

1 Snowden Street  
Broadgate West  
London  
EC2A 2DQ

**REGISTERED NUMBER:**

07278142 (England and Wales)

**AUDITOR:**

Deloitte LLP  
Chartered Accountants  
London, UK

**DTCC DERIVATIVES REPOSITORY LIMITED  
STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

---

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

This strategic report has been prepared for DTCC Derivatives Repository Ltd ("DDRL" or the "Company") as a whole and therefore gives greater emphasis to those matters which are significant to the Company when viewed as a whole.

## **REVIEW OF THE BUSINESS**

DDRL is a wholly-owned subsidiary of DTCC (UK) Limited, whose ultimate parent undertaking is the Depository Trust and Clearing Corporation (DTCC).

DDRL is a company organized under the laws of England and Wales and is registered as a trade repository with the European Securities and Markets Authority ("ESMA") and as a service company with the Financial Conduct Authority (the "FCA"). DDRL operates in the European Union (the "EU") and is regulated by both the FCA and ESMA. DDRL also operates in Hong Kong, where it has a contractual relationship with the Hong Kong Monetary Authority (the "HKMA") to provide derivatives reporting services on behalf of its clients.

DDRL provides a number of services which enable clients to meet their regulatory obligations for derivatives reporting. Together with other DTCC Global Trade Repository "GTR" subsidiaries, DDRL supports a multitude of data submissions for OTC and ETD derivatives transactions including transaction details, confirmation records and valuation data.

DDRL is one of the largest trade repositories in the competitive European marketplace.

In the year ended 31 December 2015, DDRL generated total revenues from continuing operations of \$99,630,756 (2014: \$124,861,871), a reduction of 20.2% from the prior year. Revenues relating to data and repository services include GTR \$65,261,752 (2014: \$55,982,889) and Trade Information Warehouse (TIW) \$34,369,004 (2014: \$35,204,909) businesses. Service fee income relating to an intercompany operating agreement between DDRL and DTCC DerivSERV LLC ("DerivSERV") terminated at 31 December 2014 and new intercompany agreements were entered into on 1 January 2015 which no longer includes a component of service fee income and drives the reduction of 20.3% in total revenues from prior year. Thus in 2015, service fee revenue is \$nil (2014: \$33,674,073). DDRL remains cash generative to support its investments, including providing services for enhanced regulatory reporting, maintaining compliance, enhancing systems and new business initiatives. Additionally, DDRL benefits from a strong balance sheet and maintains sufficient cash balances to ensure it can finance its ongoing operations at all times.

## **KEY PERFORMANCE INDICATORS**

DDRL measures its performance against two key metrics:

- Client portal uptime (measured as the total number of minutes availability per month); and
- Timeliness of regulator and client reporting (measured as a percentage of the total reports delivered on time).

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The Company's activities expose it to a variety of risks: regulatory risk, counterparty risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

### **Regulatory Risk**

Regulatory risk is the risk that a change in laws and regulations will materially impact a security, business, sector or market. A change in laws or regulations made by the government or a regulatory body can increase the costs of operating a business, reduce the attractiveness of investment and/or change the competitive landscape.

The Company's mandate is to fully comply with both the letter and the spirit of all laws, rules, and regulations to which it is subject, in all jurisdictions in which it operates. The Company strives to maintain a pro-active and open dialogue with its regulators to ensure on-going communication regarding key laws, rules and regulations as well as to ensure that its framework is sufficiently strong to mitigate and prevent the risk of non-compliance.

### **Counterparty Risk**

Counterparty risk arises from cash and cash equivalents, trade accounts receivables, investment accounts and intercompany receivables from affiliate subsidiaries of DTCC.

The Company maintains cash and cash equivalents with various financial institutions and the Company's policy is designed to limit exposure to any one institution. As part of its 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 condition of the financial institutions with whom it places funds on an ongoing basis to identify any significant change in an institution's financial condition. If such a change takes place, the amounts deposited with such financial institutions

**DTCC DERIVATIVES REPOSITORY LIMITED  
STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

---

may be adjusted.

As at 31 December 2015 and 2014, the trade receivables of \$8,612,237 and \$8,878,865 respectively were aged less than three months and reserved for, based on the Company's allowance policies. Given the creditworthiness of DDRL's clients, trade receivables are not deemed to be a significant risk. All clients undergo a thorough onboarding process before being accepted as clients.

The Company does not hold any financial assets which have been deemed impaired. There were no financial assets that would otherwise be past due or impaired whose terms have been renegotiated.

**Liquidity Risk and Capital Management**

Liquidity risk is the risk that the Company is unable to meet its payment obligations when they fall due. Liquidity risk is managed by the DDRL's ability to obtain funding, if needed, from its ultimate parent to meet short-term imbalances between available cash and payment obligations. All financial assets and liabilities mature or are payable within one year.

In 2014, the Company received a loan from DTCC of \$6,000,000. The loan had a rolling one month duration and was interest bearing. The proceeds of the loan were used to supplement DDRL's liquidity resources and the loan was repaid in full on 27 May 2015.

During the year, the Company defined its capital as share capital, capital contribution and accumulated profit. On that basis, the total capital of the Company as at 31 December 2015 and 2014 was \$60,949,097 and \$33,309,919, respectively. The Company was initially capitalized with \$95,000 of called up capital and a subsequent contribution of \$250,000 in 2011. The Company received an additional capital contribution of \$8,000,000 in 2013.

The Company is subject to regulatory capital requirements pursuant to our authorization under Regulation (EU) No 648/2012 of 4 July 2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories. The Company was in compliance with these requirements at the year end and throughout the period.

**Sensitivity analysis**

The directors do not consider sensitivity to changes in interest rates and exchange rates to be material in the context of these financial statements.

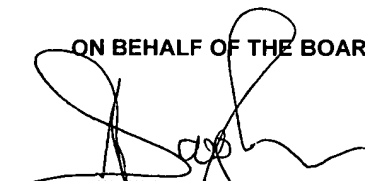
**GOING CONCERN**

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The financial position of the company and liquidity position are described in the business review. The strategic report includes an analysis of the key risks facing the company and the Company's approach to risk management. After reviewing the company's annual budget, liquidity requirements and business plans, the directors have formed a judgment, based upon their knowledge of the Company's business that its resources will be sufficient to cover its expenses for the foreseeable future. Based upon this factor, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**FUTURE DEVELOPMENTS**

The directors expect the general level of activity to remain consistent with 2015 in the forthcoming year.

**ON BEHALF OF THE BOARD:**

  
.....  
Andrew Douglas, Director

Date:

29/6/16

**DTCC DERIVATIVES REPOSITORY LIMITED  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

---

**GENERAL INFORMATION**

The directors present their report and financial statements (which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flow and the related notes) for DDRL as of and for the year ended 31 December 2015.

DDRL is a wholly-owned subsidiary of DTCC (UK) Limited, whose ultimate parent undertaking is the DTCC.

**RESULTS AND DIVIDENDS**

The results of the Company are set out in the Statement of Comprehensive Income on page 8. The directors recommended a dividend payment of up to \$10,000,000 (2014: \$nil). During the year no dividends were paid. In 2014, a dividend in specie was paid from retained earnings of \$25,988 as part of the sale of EDC B.V.

**PRINCIPAL ACTIVITIES**

DDRL is a company organized under the laws of England and Wales and is registered as a trade repository with the Financial Conduct Authority (the "FCA"). DDRL operates in the European Union (the "EU") and is regulated by both the FCA and the European Securities and Markets Authority ("ESMA"). DDRL also operates in Hong Kong, where it has a contractual relationship with the Hong Kong Monetary Authority (the "HKMA").

Following ESMA approval in November 2013, DDRL increased its repository remit to operate a multi-asset class derivatives repository in Europe. Reporting for all five derivatives asset classes – credit, interest rate, equity, FX and commodities, this business commenced on 12 February 2014 and was a significant undertaking for the industry.

**DIRECTORS**

The following Directors held office throughout the year and to the date of approval of this report (except where otherwise shown):

Christopher Childs  
Simon Cooper  
David Coulson (Appointed 24 November 2015)  
Anthony Deluca  
Andrew Douglas (Appointed 19 November 2015)  
Illa Eckhoff  
Anthony Robin Fraser (Resigned 31 December 2015)  
John Gidman  
Alberto Giovannini  
Erica Leslie Horan (Resigned 13 May 2015)  
William Francis Hughes  
Ian Robert Mclelland (Resigned 19 March 2015)  
Leda Mehilli (Resigned 14 January 2016)  
Donna Milrod (Appointed 19 April 2016)  
Todd Gerald Primavera  
Oliver Stuart  
Veronique Sani (Resigned 14 October 2015)  
Larry Eugene Thompson  
Nicolas Veron  
Kathryn Patricia Wallis (Resigned 13 May 2015)  
Valentino Wotton

Individuals are selected to serve on the Board of Directors based on their ability to provide broad industry insight and counsel. Board committees may be specifically structured to help achieve key development objectives for DDRL. Directors are appointed either through ordinary resolution or by a decision of the current directors and serve until the appointment is terminated through resignation or as otherwise set out in the Company's Articles of Association.

**DTCC DERIVATIVES REPOSITORY LIMITED  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

---

**DIRECTORS' INDEMNITY**

DTCC, of which DDRL is a member, has made indemnity provisions for the benefit of the directors of DDRL against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. These provisions were in force at the date of this report.

**STAFF**

It is the policy of both DDRL and DTCC to ensure that no staff members or job applicants face discrimination on the grounds of ethnic origin, race, religion, gender, sexual orientation, age or disability.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the persons who are Directors of the Company at the date when this report is approved confirms that:

- So far as each of the Directors is aware, there is no relevant audit information (being information needed by the Company's auditor in connection with preparing their report) of which the Company's auditor is unaware; and
- Each of the Directors has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

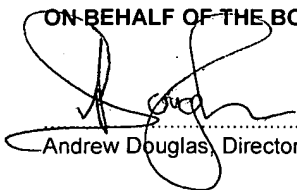
This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

**INDEPENDENT AUDITOR**

Deloitte LLP has expressed their willingness to continue in office as auditor of the Company and, under Sections 485 to 488 of the Companies Act 2006, will be deemed to be re-appointed.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

**ON BEHALF OF THE BOARD:**

  
.....  
Andrew Douglas, Director

Date: 29/6/16

**DTCC DERIVATIVES REPOSITORY LIMITED  
STATEMENT OF DIRECTORS' RESPONSIBILITIES  
FOR THE YEAR ENDED 31 DECEMBER 2015**

---

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted for use in the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
DTCC DERIVATIVES REPOSITORY LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2015**

---

We have audited the financial statements of DTCC Derivatives Repository Limited as of and for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, Statement of Cash Flows and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its profit for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.


**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



James Polson (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, UK

29 June 2016

**DTCC DERIVATIVES REPOSITORY LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 US\$	2014 US\$
<b>REVENUES:</b>			
Revenue	3	99,630,756	91,187,798
Service fee income		-	33,674,073
Total revenues		99,630,756	124,861,871
Cost of sales		-	55,982,889
<b>Gross profit</b>		99,630,756	68,878,982
<b>EXPENSES:</b>			
Employee compensation and related benefits		19,119,023	18,465,347
Professional and other services		11,012,299	7,381,519
Information technology		6,875,344	8,344,896
Occupancy		1,410,325	1,069,082
Other general and administrative		27,176,161	16,031,063
Total expense		65,593,152	51,291,907
<b>Profit before taxes</b>	7	34,037,604	17,587,075
Income tax expense	8	6,398,426	4,439,059
<b>Profit for the year</b>		27,639,178	13,148,016

All operations were continuing in the current and prior year.

There was no other comprehensive income in the current and prior year.

The accompanying notes on pages 12 to 19 are an integral part of these financial statements.

**DTCC DERIVATIVES REPOSITORY LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 US\$	2014 US\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	2	55,038,431	32,173,133
Trade receivable	9	8,664,084	8,634,077
Other current assets		-	2,434,486
Total current assets		63,702,515	43,241,696
<b>NON-CURRENT ASSETS</b>			
Deferred tax assets		198,243	-
Total non-current assets		198,243	-
<b>TOTAL ASSETS</b>		<b>63,900,758</b>	<b>43,241,696</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Taxes payable		2,010,911	3,931,777
Other current liabilities		940,750	-
Intercompany note payable	10	-	6,000,000
Total current liabilities		2,951,661	9,931,777
<b>TOTAL LIABILITIES</b>			
<b>EQUITY</b>			
Called up share capital	11	95,000	95,000
Capital contribution		8,250,000	8,250,000
Retained earnings		52,604,097	24,964,919
Total members' equity		60,949,097	33,309,919
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>		<b>63,900,758</b>	<b>43,241,696</b>

The accompanying notes on pages 12 to 19 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors on June 2016 and were signed

on it's behalf by

Andrew Douglas, Director

**DTCC DERIVATIVES REPOSITORY LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

---

	<b>Called up share capital US\$</b>	<b>Capital contribution US\$</b>	<b>Retained earnings US\$</b>	<b>Total equity US\$</b>
<b>Balance at 31 December 2013</b>	<u>95,000</u>	<u>8,250,000</u>	<u>11,842,891</u>	<u>20,187,891</u>
Dividend in specie	-	-	(25,988)	(25,988)
Profit for the year	<u>-</u>	<u>-</u>	<u>13,148,016</u>	<u>13,148,016</u>
<b>Balance at 31 December 2014</b>	95,000	8,250,000	24,964,919	33,309,919
Profit for the year	<u>-</u>	<u>-</u>	<u>27,639,178</u>	<u>27,639,178</u>
<b>Balance at 31 December 2015</b>	<u>95,000</u>	<u>8,250,000</u>	<u>52,604,097</u>	<u>60,949,097</u>

The accompanying notes on pages 12 to 19 are an integral part of these financial statements.

**DTCC DERIVATIVES REPOSITORY LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

---

	Note	Year ended 2015 US\$	Year ended 2014 US\$
<b>Net cash from operating activities</b>	<b>6</b>	<u>28,865,298</u>	<u>5,057,303</u>
<b>Cash flows from financing activities</b>			
(Payment)/Proceeds from intercompany notes payable	<b>10</b>	<u>(6,000,000)</u>	<u>6,000,000</u>
<b>Net cash (used in)/from financing activities</b>		(6,000,000)	6,000,000
<b>Net increase in cash and cash equivalents</b>		22,865,298	11,057,303
<b>Cash and cash equivalents at beginning of year</b>		32,173,133	21,115,830
<b>Cash and cash equivalents at end of year</b>		<u>55,038,431</u>	<u>32,173,133</u>

The accompanying notes on pages 12 to 19 are an integral part of these financial statements.

**1. BASIS OF PREPARATION**

**A. General**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and International Financial Reporting Interpretations Committee (IFRIC) interpretations issued by the International Accounting Standards Board (IASB) effective for 2014 reporting and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention except of any items that require fair value reporting. A summary of significant accounting policies is set out below. All accounting policies have been applied consistently.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates as reflected in note 2. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

**B. Adoption of New and Revised Standards**

In the current year, the company has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2015. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 36 <i>Recoverable Amount Disclosures for Non-Financial Assets</i>	<p>The Company has adopted the amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 <i>Fair Value Measurements</i>.</p> <p>The application of these amendments has had no material impact on the disclosures in the company's financial statements</p>
Amendments to IAS 39 <i>Novation of Derivatives and Continuation of Hedge Accounting</i>	<p>The Company has adopted the amendments to IAS 39 <i>Novation of Derivatives and Continuation of Hedge Accounting</i> for the first time in the current year. The amendments to IAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.</p> <p>As the company does not have any derivatives that are subject to novation, the adoption of these amendments has had no impact on the disclosures or on the amounts recognised in the company's financial statements.</p>
IFRIC 21 <i>Levies</i>	<p>The company has adopted IFRIC 21 <i>Levies</i> for the first time in the current year. IFRIC 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.</p> <p>The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the company's financial statements.</p>
Amendments to IAS 32 <i>Offsetting financial assets and financial liabilities</i>	<p>The company has adopted the amendments to IAS 32 <i>Offsetting Financial Assets and Financial Liabilities</i> for the first time in the current year. The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off', and 'simultaneous realisation and settlement'.</p> <p>As the company does not have any financial assets and financial liabilities that qualify for offset, the adoption of the amendments has had no impact on the disclosures or on the amounts recognised in the company's financial statements.</p>

**1. BASIS OF PREPARATION (continued)**

**C. Standards issued but not yet effective**

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 9	<i>Financial Instruments</i>
IFRS 15	<i>Revenue from Contracts with Customers</i>
IAS 19 (amendments)	<i>Defined Benefit Plans: Employee Contributions</i>
IAS 27 (amendments)	<i>Equity Method in Separate Financial Statements</i>
IFRS 10 and IAS 28 (amendments)	<i>Sale or Contribution of Assets between an Investor and its</i>

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the company in future periods.

**D. The Going Concern Assumption**

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 3.

The directors have formed a judgement, based upon their knowledge of the Company's business that its resources of cash and cash equivalents will be sufficient to cover its expenses for the foreseeable future.

Taking all of these factors into consideration, the directors believe it is reasonable to assume that the Company will have access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Functional Currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which DDRL operates ("the functional currency"). The financial statements are presented in US Dollars, which is the functional and presentation currency of the Company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Comprehensive Income included within other general and administrative expenses.

**B. Taxation**

**Current Tax** - The current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statements of profit and loss because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the financial statement date.

**Deferred Tax** - Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

**C. Cash and Cash Equivalents**

Cash and cash equivalents include cash in hand and deposits held on call with banks.

**D. Revenue Recognition**

Revenue consists of data and repository services and service fee income, which in turn consist of transaction fees, membership fees and support services. Revenue from transaction fees and support revenue is recognized when services are provided while membership is recognized ratably over the contract term. Service fee income represents DDRL's guaranteed compensation for its local trade repository support services provided to DTCC DerivSERV LLC ("DerivSERV") as set forth in the Data Repository Operating Agreement between the two companies. This agreement was terminated at 31 December 2014.

**E. Cost of Sales**

Cost of sales consists of client revenues from the GTR business which are transferred at a rate of 100% to DerivSERV in accordance with the Data Repository Operating Agreements signed between the two companies, whereby DerivSERV assumes all of the commercial risk associated with DDRL's performance and DDRL earns guaranteed compensation as described above and defined as service fee income. This agreement was terminated at 31 December 2014.

**F. Allowance for doubtful debts**

Accounts receivable are stated at cost, net of an allowance. The Company establishes an allowance for doubtful accounts receivable to ensure the Company has not overstated receivable balances due to uncollectibility. The Company determines the need for an allowance based on a variety of factors, including the length of time receivables are past due, macroeconomic conditions, historical experience and the financial condition of customers and other debtors.

**G. Key Accounting Judgements**

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Management makes estimates regarding the collectability of receivables, the outcome of litigation, the realization of deferred taxes, fair value measurements, and other matters that affect the reported amounts. Estimates, by their nature, are based on judgement and available information; therefore, actual results could differ materially from those estimates.

**3. REVENUE**

An analysis of the company's revenue is as follows:

	Year ended 2015 US\$	Year ended 2014 US\$
<b>Continuing Operations</b>		
Global Trade Repository	65,261,752	55,982,889
Trade Information Warehouse	<u>34,369,004</u>	<u>35,204,909</u>
Total	<u>99,630,756</u>	<u>91,187,798</u>

All revenue is generated from fees and is primarily generated from within the Europe Union. Of the GTR revenue \$64,690,543 (2014: \$55,891,624) relates to reporting under Article 9 of Regulation (EU) No 648/2012 of 4 July 2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories.



**DTCC DERIVATIVES REPOSITORY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2015**

**4. DIRECTORS EMOLUMENTS**

	<b>Year ended 2015 US\$</b>	<b>Year ended 2014 US\$</b>
Total emoluments	196,189	525,091
Amounts (excluding shares) receivable under long-term incentive schemes	<u>67,427</u>	<u>485,819</u>
Total	<u>263,616</u>	<u>1,010,910</u>

During 2015, no directors were directly remunerated by the Company. For the purpose of this disclosure only, the key directors who are employed within the DTCC group have been allocated a percentage of their total costs to DDRL based on their estimated services provided to the company. The directors disclosed in this note are the only key management personnel of the company.

In 2014, only one director was remunerated directly by the Company and thus was the highest paid director, other directors' emoluments and pension details are disclosed in the DTCC group financial statements.

**5. STAFF COSTS**

The average monthly number of employees was:

	<b>2015 Number</b>	<b>2014 Number</b>
Administration and General	10	12
	<u>10</u>	<u>12</u>

Their aggregate remuneration comprised:

	<b>Year ended 2015 US\$</b>	<b>Year ended 2014 US\$</b>
Wages and salaries	1,920,755	4,087,808
Social security costs	391,459	493,638
Other pension costs	<u>41,738</u>	<u>162,716</u>
	<u>2,353,952</u>	<u>4,744,162</u>

Staff costs include costs for employees employed directly by DDRL. Staff costs borne by affiliate subsidiaries of DTCC and allocated to the Company by way of recharges to the relevant subsidiary companies are not included.

**DTCC DERIVATIVES REPOSITORY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2015**

**6. RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED BY OPERATIONS**

	Year ended 2015 US\$	Year ended 2014 US\$
Profit before tax on continuing operations	34,037,604	17,587,075
Increase/(Decrease) in intercompany payables	2,883,922	(6,975,166)
Decrease in other payables	(1,883,719)	-
(Increase) in trade receivables and other receivables	(30,008)	(2,968,286)
Cash generated by operations	35,007,799	7,643,623
Income taxes paid	(6,142,501)	(2,586,320)
Net cash from operating activities	28,865,298	5,057,303

**7. PROFIT BEFORE TAXATION**

The profit before income tax is stated after charging:

	Year ended 2015 US\$	Year ended 2014 US\$
Auditor remuneration	126,000	135,068
Foreign exchange differences	1,203,279	161,123
	1,329,279	296,191

**8. TAXATION**

	Year ended 2015 US\$	Year ended 2014 US\$
Corporation tax:		
Current year	7,053,603	4,275,721
Adjustments in respect of prior years	(456,934)	163,338
	6,596,669	4,439,059
Deferred tax:		
Current year	(160,677)	-
Adjustments in respect of prior years	(37,566)	-
	(198,243)	-
Total tax charge	6,398,426	4,439,059

**Analysis of the tax charge/ (credit)**

A liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2015 and for the year ended 31 December 2014. The tax charge for the year can be reconciled to the statements of income as follows:

**DTCC DERIVATIVES REPOSITORY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2015**

**8. TAXATION (continued)**

	Year ended 2015 US\$	Year ended 2014 US\$
Profit before tax on continuing operations	34,037,604	17,587,075
Tax at UK corporate tax rate of 20.25% (2014: 21.50%)	6,892,616	3,781,221
Tax effect of expenses not deductible in determining taxable profit	310	494,500
Adjustments in respect of prior years	(494,500)	163,338
Total tax charge	6,398,426	4,439,059

The UK corporation tax rate applying to DDRL was 20.25% (2014: 21.50%) of the estimated assessable profits for the year. Finance Act 2013 (enacted 17 July 2013) reduced the main rate from 23% to 21% effective from 1 April 2014 and further reduced the rate to 20% effective from 1 April 2015. The reduction in the main rate of corporation tax in 2015 results in a weighted average rate of 20.25% (2014: 21.5%).

**Deferred tax**

The following are the major deferred tax assets recognised by the company and movements thereon during the current and prior reporting period.

	Year ended 2015 US\$	Year ended 2014 US\$
<b>Deferred Tax</b>		
Asset at beginning of year	-	-
Capital Allowances	8,862	-
Bad Debts	162,621	-
Long Term Incentive Plans	26,760	-
Asset at the end of the year	198,243	-

At 31 December 2015, the Company had \$198,243 (2014: nil) of deferred tax.

**9. TRADE RECEIVABLE**

	Year ended 2015 US\$	Year ended 2014 US\$
Trade receivable (gross)	11,849,671	10,192,779
Allowance for doubtful debts and other reserves	(3,185,587)	(1,558,702)
Trade receivable (net)	8,664,084	8,634,077

The carrying value of the receivables is equal to the fair value at 31 December 2015. No credit terms are given to clients, all trade receivables are payable on demand. The allowance for doubtful debts forms part of the "Other General and Administrative" expense on the Statement of Comprehensive Income.

**DTCC DERIVATIVES REPOSITORY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2015**

**9. TRADE RECEIVABLE (continued)**

	Year ended 2015 US\$	Year ended 2014 US\$
Ageing of past due trade receivables:		
0 - 30 days	8,086,308	5,989,057
31 - 60 days	1,063,750	2,476,662
61 - 90 days	1,746,357	434,890
91 + days	953,256	1,292,170
Total	<u>11,849,671</u>	<u>10,192,779</u>

**10. INTERCOMPANY NOTE PAYABLE**

During 2014, DDRL received and intercompany loan from DTCC of \$6,000,000. The loan was issued on 27 October 2014 and had a rolling one month duration. The loan was interest bearing at a rate of 1-month LIBOR plus 130 basis points and repayable in full. The proceeds of the loan were used to supplement DDRL's liquidity resources and were repaid in full on 27 May 2015.

**11. CALLED UP SHARE CAPITAL**

As at 31 December 2015 and 2014, 95,000 ordinary shares with a par value of \$1 per share, were outstanding.

**12. RELATED PARTY DISCLOSURES**

Outstanding balances at the end of the year are unsecured and are settled in cash. There were no guarantees provided or received in relation to any related party payables. Intercompany balances are repayable upon demand, are unsecured and will be settled in cash. No provisions for doubtful debts have been made with respect to these balances. The carrying amount of these assets approximates their fair value.

	Income attributable from related parties US\$	Expenses attributable from related parties US\$	Amounts due from related parties US\$	Amounts due to related parties US\$
<b>2015</b>				
Service fee charges from intercompany		19,602,070		
Transfer Pricing charges – DerivSERV		40,352,697		
Affiliate DTCC subsidiary companies				423,448
Corporation tax group relief – Ultimate parent				2,471,469
<b>2014</b>				
Service fee income from intercompany	33,674,073			
Service fee charges from intercompany		51,291,907		
Loan notes issued				6,000,000
Affiliate DTCC subsidiary companies			2,460,474	
Corporation tax group relief – Ultimate parent				259,000

**13. ULTIMATE CONTROLLING PARTY**

The ultimate parent undertaking and controlling entity and the parent of the largest and smallest company of which the Company is a member and for which Company financial statements are prepared is DTCC which is incorporated in the United States of America. Copies of its financial statements can be obtained from [www.dtcc.com](http://www.dtcc.com).

**14. EVENTS AFTER THE BALANCE SHEET DATE**

On 11 May 2016 the directors declared a dividend of up to \$10,000,000. The final amount to be paid and the date of payment are yet to be determined. There were no other significant events after the balance sheet date that would require recognition or disclosure in the financial statements.