

# DTCC Derivatives Repository Plc

## Annual report and financial statements for the year ended 31 December 2018

Registered number: 07278142



**DTCC DERIVATIVES REPOSITORY PLC**  
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**DTCC DERIVATIVES REPOSITORY PLC**  
**COMPANY INFORMATION**

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**DIRECTORS:**

Thomas Bailey  
Johannah Lizbeth Bowles  
Michele Jeanne Renee Cescut  
Christopher Mark Childs  
Dr David Coulson  
Frederic Crosnier  
Anthony Joseph Deluca  
Karen Ann Head  
Brian James Halligan  
Timothy Patrick Keady  
Michael Mahoney  
Richard John McCarthy  
Todd Gerald Primavera  
Natalie Joy Primrose  
Sally Lorraine Shackleton  
Nicolas Veron  
Mark Patrick Wetjen

**COMPANY SECRETARY:**

Michael Edward Turner

**REGISTERED OFFICE:**

Broadgate Quarter, 7th Floor  
One Snowden Street  
London  
EC2A 2DQ

**REGISTERED NUMBER:**

07278142 (England and Wales)

**AUDITOR:**

Deloitte LLP  
Statutory Auditor  
London, United Kingdom

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

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

#### **Review of the business**

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

DDRP is a company organised 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"). DDRP operates in the European Union (the "EU") and is regulated by both the FCA and ESMA. DDRP 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.

DDRP provides a number of services that enable clients to meet their regulatory obligations for derivatives reporting. Together with other DTCC Global Trade Repository ("GTR") subsidiaries, DDRP supports a multitude of data submissions for Over The Counter ("OTC") and Exchange Traded Derivatives ("ETD") derivatives transactions including transaction details, confirmation records and valuation data. To provide these services, the Company uses certain intellectual property licensed for use by its related company, DTCC Deriv/SERV LLC ("Deriv/SERV"). DDRP is one of the largest trade repositories in the competitive European marketplace.

DDRP also provides services for the Trade Information Warehouse's ("TIW"). TIW's Trade Reporting Repository enables regulators and market participants to view the market's overall risk exposure to OTC credit derivatives instruments by operating and maintaining the centralised, electronic database for virtually all credit default swap (CDS) contracts outstanding in the global marketplace.

On 21 December 2018, DDRP received approval for registration with the Swiss Financial Markets Supervisory Authority ("FINMA") to provide trade reporting services in Switzerland. This registration allows DDRP to also support reporting obligations that fall under the Swiss Financial Markets Infrastructure Act ("FMIA"), also known as FinfraG.

#### *The United Kingdom's (UK) planned departure from the European Union (EU) ("Brexit")*

There remains considerable uncertainty regarding the final outcome of the Brexit negotiations. Brexit is now scheduled to take place on 31 October 2019 or at an earlier date if the UK reaches an agreement on the terms of its withdrawal and notifies the EU it wishes to leave the EU prior to 31 October.

To be a registered trade repository with ESMA, a company must be domiciled in the EU. DDRP will remain a UK registered company, therefore it will be unable to meet this requirement and its registration as an EU trade repository, and ability to offer these services will end when the UK leaves the EU. Therefore, the Directors expect the level of activity to decrease significantly once the UK leaves the EU. Please note this does not impact TIW or HKMA services and their revenue generating ability, which at 31 December 2018 was \$38,805k.

As part of DDRP's Brexit plan, on 18 February 2019, DDRP received an acknowledgment from the FCA of the Company's intent to convert to a UK trade repository. DDRP will, subject to final regulatory approval from the UK FCA, be a UK approved trade repository as of the date the UK leaves the EU.

When the UK leaves the EU, the Company will only generate UK EMIR reporting revenue. The Company estimates the reduction in EU EMIR reporting revenue could range from 40-60% of its current EU EMIR reporting revenue, which at 31 December 2018 was \$87,366k. The estimated revenue reduction is an approximation since the Company cannot predict the future trading habits of its clients post Brexit. However, the reduction in revenue will be mitigated by the costs associated with this revenue decreasing proportionately. The Company's current supply chain, agreements with related parties and its access to the required technology will not be affected by Brexit.

As part of the ultimate parent undertakings strategy to Brexit, a new entity has been incorporated in the EU to provide EU EMIR regulatory services. When DDRL is no longer permitted to do so, DDRL's EU clients will be able to meet their EU EMIR regulatory requirements via this new GTR subsidiary.

The Directors have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The Company's post Brexit plan, to convert its registration to a UK trade repository regulated by FCA, and scaling back its cost base, mitigates the overall impact of Brexit. The Company also has a strong capital base and cash reserves which would allow the Company to address business conditions that might be significantly more adverse than those assumed in the Company's current risk assessment.

In the year ended 31 December 2018, DDRP generated total revenues of \$126,171k (2017: \$119,916k), an increase of 5.22% from the prior year. Revenues relating to data and repository services include GTR \$98,551k (2017: \$88,897k) and TIW \$27,620k (2017: \$31,019k) businesses. DDRP remains cash generative to support its investments, including providing services for enhanced regulatory reporting, maintaining compliance, enhancing systems and new business initiatives. Additionally, DDRP 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**

The Company Directors utilise key performance indicators to measure performance, development and position of the business. DDRP measures its performance against one key metric:

- 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 proactive 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 receivables and intercompany receivables from affiliate subsidiaries of DTCC.

The Company maintains cash and cash equivalents with various financial institutions. These financial institutions are located in various geographical regions and the Company's policy is designed to limit 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 recognised 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 a financial institution's condition. If such a change takes place, the amounts deposited in such financial institutions may be adjusted.

Trade receivables are continually reviewed to ensure payment is received and reserved for based on the Company's allowance policies, if required. Given the creditworthiness of DDRP'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 other 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. The Liquidity risk is managed by DDRP's ability to obtain funding, if needed, from its ultimate parent to meet short-term imbalances between available cash and payment obligations. DDRP benefits from a strong balance sheet and maintains sufficient cash balances to ensure it can finance its ongoing operations at all times.

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 2018 and 2017 was \$67,408k and \$155,913k, respectively. The Company was initially capitalised with \$95k of called up capital and subsequent capital contributions of \$250k and \$8,000k in 2011 and 2013. In 2018, an additional \$45k of called up capital was allotted and paid by its sole shareholder.

The Company is subject to regulatory capital requirements pursuant to our authorisation 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 year.

**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 because there are no material financial assets or liabilities that are sensitive to interest rates or exchange rates.


**Future developments**

The future developments of the Company are described in the business review.

**Going concern**

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, and the Company's post Brexit plan, 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.

**Approved on behalf of the Board:**



Christopher Mark Childs, Director  
Date: 4 June 2019

## **General information**

The Directors present their report and audited financial statements (which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flow and the Notes to the Financial Statements) for DDRP as of and for the year ended 31 December 2018.

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

## **Results and dividends**

The profit for the year after taxation amounted to \$56,450k (2017: \$56,349k). During the year, dividends of \$145,000k were paid (2017: \$nil).

## **Principal activities**

DDRP is a company organised under the laws of England and Wales and is registered as a trade repository with ESMA and as a service company with the FCA. DDRP operates in the EU and is regulated by both the FCA and ESMA. DDRP also operates in Hong Kong, where it has a contractual relationship with the HKMA to provide derivatives reporting services on behalf of its clients.

On 21 December 2018, DDRP received approval for registration with the Swiss Financial Markets Supervisory Authority ("FINMA") to provide trade reporting services in Switzerland. This registration allows DDRP to also support reporting obligations that fall under the Swiss Financial Markets Infrastructure Act ("FMIA"), also known as FinfraG.

On 18 February 2019 DDRP received an acknowledgment from the FCA of the Company's intent to convert to a UK trade repository. DDRP will be a UK approved trade repository the date the UK leaves the EU.

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

Future developments and principal risks and uncertainties are disclosed in the Strategic report.

## **Directors**

The following Directors held office throughout the year and to the date of approval of this report:

Aline Bouillie (Resigned 16 January 2019)  
Thomas Bailey (Appointed 12 June 2018)  
Johannah Lizbeth Bowles (Appointed 07 November 2018)  
Michele Jeanne Renee Cescut (Appointed 24 May 2019)  
Christopher Mark Childs  
Dr David Coulson  
Frederic Crosnier (Appointed 03 August 2018)  
Anthony Joseph Deluca  
Lucy Victoria Dorr (Resigned 1 August 2018)  
Andrew William Dare Douglas (Resigned 2 June 2019)  
Ila Eckhoff (Resigned 14 November 2018)  
Alberto Giovannini (Resigned 08 May 2019)  
Karen Ann Head (Appointed 29 March 2019)  
Brian James Halligan (Appointed 24 August 2018)  
Timothy Patrick Keady  
Michael Mahoney (Appointed 13 March 2019)  
Richard John McCarthy

**Directors (continued)**

Graeme Edward Brian McEvoy (Appointed 09 October 2018 and Resigned 24 April 2019)

John Christopher O'Sullivan (Resigned 11 July 2018)

Todd Gerald Primavera

Natalie Joy Primrose (Appointed 10 December 2018)

Sally Lorraine Shackleton (Appointed 19 March 2018)

Oliver Jason Stuart (Resigned 20 September 2018)

Larry Eugene Thompson (Resigned 31 December 2018)

Nicolas Veron

Mark Patrick Wetjen (Appointed 10 September 2018)

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 DDRP.

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.

**Directors' indemnities**

DTCC, of which DDRP is a member, has made indemnity provisions for the benefit of the Directors of DDRP 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 DDRP 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 were appointed auditor to the Company and in accordance with Section 489 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put forward at the next General Meeting.

**Approved on behalf of the Board:**

  
Christopher Mark Childs, Director  
Date: 4 June 2019



### **Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Directors' Report 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 by 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, International Accounting Standard 1 requires that Directors:

- 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Report on the audit of the financial statements**

**Opinion**

In our opinion the financial statements of DTCC Derivatives Repository Plc (the "Company"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of DDRP which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of cash flows;
- the related Notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the FRC's) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

**Other information**

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

**DTCC DERIVATIVES REPOSITORY PLC INDEPENDENT AUDITOR'S REPORT**  
**For the year ended 31 December 2018**

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**Responsibilities of Directors**

As explained more fully in the statement of directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**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 a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Report on other legal and regulatory requirements**

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

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

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

**Use of our report**

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.

We have nothing to report in respect of these matters.



Fiona Walker (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
4 June 2019

**DTCC DERIVATIVES REPOSITORY PLC**  
**STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended 31 December 2018

	Notes	2018 \$000s	2017 \$000s
<b>Revenue</b>	<b>4</b>	<u>126,171</u>	<u>119,916</u>
<b>Expenses:</b>			
Employee compensation and related benefits		4,843	6,524
Professional and other services		2,671	2,205
Information technology		954	1,809
Occupancy		194	384
Other general and administrative		22,722	21,072
Ancillary service fees		<u>26,128</u>	<u>19,264</u>
<b>Total expenses</b>		<u>57,512</u>	<u>51,258</u>
<b>Operating profit</b>	<b>5</b>	68,659	68,658
Interest income		<u>933</u>	<u>1,145</u>
<b>Profit before taxation</b>		<u>69,592</u>	<u>69,803</u>
Income tax expense	<b>8</b>	<u>13,142</u>	<u>13,454</u>
<b>Profit for the year</b>		<u>56,450</u>	<u>56,349</u>

Revenue and operating profit were all derived from continuing operations.

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

The accompanying notes on pages 14 to 24 are an integral part of these financial statements.

**DTCC DERIVATIVES REPOSITORY PLC**  
**BALANCE SHEET**  
As at 31 December 2018

		<b>2018</b>	<b>2017</b>
	<b>Notes</b>	<b>\$000s</b>	<b>\$000s</b>
<b>Current assets</b>			
Cash and cash equivalents		58,021	141,984
Trade receivables	9	15,490	16,471
Other current assets		6,122	7,256
Taxes receivable		406	—
<b>Total current assets</b>		<b>80,039</b>	<b>165,711</b>
<b>Non-current assets</b>			
Deferred tax assets	8	15	26
<b>Total non-current assets</b>		<b>15</b>	<b>26</b>
<b>Total assets</b>		<b>80,054</b>	<b>165,737</b>
<b>Current liabilities</b>			
Taxes payable		—	978
Other current liabilities		7,801	3,707
<b>Total current liabilities</b>		<b>7,801</b>	<b>4,685</b>
<b>Non-current liabilities</b>			
Deferred bonuses		29	16
Other non-current liabilities		4,816	5,123
<b>Total non-current liabilities</b>		<b>4,845</b>	<b>5,139</b>
<b>Total liabilities</b>		<b>12,646</b>	<b>9,824</b>
<b>Equity</b>			
Called up share capital	10	140	95
Capital contribution		8,250	8,250
Retained earnings		59,018	147,568
<b>Total members' equity</b>		<b>67,408</b>	<b>155,913</b>
<b>Total liabilities and members' equity</b>		<b>80,054</b>	<b>165,737</b>

The accompanying notes on pages 14 to 24 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 4 June 2019 and were signed on its behalf by:

  
Christopher Mark Childs  
Director

**DTCC DERIVATIVES REPOSITORY PLC**  
**STATEMENT OF CHANGES IN EQUITY**  
For the year ended 31 December 2018

	<b>Called up share capital \$000s</b>	<b>Capital contribution \$000s</b>	<b>Retained earnings \$000s</b>	<b>Total equity \$000s</b>
<b>Balance at 01 January 2017</b>	95	8,250	91,219	99,564
Profit and comprehensive income for the year	—	—	56,349	56,349
<b>Balance at 31 December 2017</b>	95	8,250	147,568	155,913
Profit and comprehensive income for the year	—	—	56,450	56,450
Issuance of share capital	45	—	—	45
Dividends (Note 11)	—	—	(145,000)	(145,000)
<b>Balance at 31 December 2018</b>	<u>140</u>	<u>8,250</u>	<u>59,018</u>	<u>67,408</u>

The accompanying notes on pages 14 to 24 are an integral part of these financial statements.

**DTCC DERIVATIVES REPOSITORY PLC**  
**STATEMENT OF CASH FLOWS**  
For the year ended 31 December 2018

		<b>Year ended 2018</b>	<b>Year ended 2017</b>
	<b>Notes</b>	<b>\$000s</b>	<b>\$000s</b>
<b>Net cash flows from operating activities</b>	<b>12</b>	<u>60,061</u>	<u>42,580</u>
<b>Cash flows from investing activities</b>			
Interest on bank deposits		<u>931</u>	<u>1,114</u>
<b>Net cash generated from investing activities</b>		<u>931</u>	<u>1,114</u>
<b>Cash flows from financing activities</b>			
Increase in share capital	<b>10</b>	45	—
Dividend payments	<b>11</b>	<u>(145,000)</u>	<u>—</u>
<b>Net cash (used in) financing activities</b>		<u>(144,955)</u>	<u>—</u>
Net (decrease) / increase in cash and cash equivalents		(83,963)	43,694
<b>Cash and cash equivalents at beginning of year</b>		141,984	98,290
<b>Cash and cash equivalents at end of year</b>		<u><u>58,021</u></u>	<u><u>141,984</u></u>

The accompanying notes on pages 14 to 24 are an integral part of these financial statements.

## 1. GENERAL INFORMATION

### General

DTCC Derivatives Repository Plc ("DDRP" or "the Company") is a company incorporated in the United Kingdom under the Companies Act 2006. The Company is a non-listed public company limited by shares and is registered in England and Wales. The address of the registered office is given on page 1. DDRP is a wholly-owned subsidiary of DTCC (UK) Limited ("the Parent"), whose ultimate parent undertaking is the Depository Trust and Clearing Corporation ("DTCC").

The nature of the Company's operations and its principal activities are set out in the Directors' report on pages 5 and 6.

These financial statements are presented in US dollars because that is the currency of the primary economic environment in which the Company operates (functional currency).

## 2. SIGNIFICANT ACCOUNTING POLICIES

### Basis of accounting

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union.

The financial statements are 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 are applied consistently.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates as reflected in Note 3. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

### Adoption of new and revised standards

The Company will adopt the following new and revised standards, interpretations and amendments when these become effective.

Standard	Description	Impact on the financial statements or other significant matters
<i>Financial Reporting Standard Issued, but not yet Adopted</i>		
IFRS 16 Leases <i>Issued July 2016</i>	<ul style="list-style-type: none"> <li>Requires a lessee to recognize right-of-use assets and lease liabilities on the Statement of Financial Position, initially measured at the present value of the future lease payments. The amortization of the right-of-use asset and interest expense on the lease liability are presented separately in the Statement of Comprehensive Income.</li> <li>Lease incentives will be recognised as part of the measurement of the right-of-use assets and lease liabilities. Right-of-use assets will be tested for impairment.</li> <li>Changes the presentation of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the Statement of Cash Flows.</li> <li>The impact on lessor accounting remains mostly unchanged from the superseded standard.</li> </ul>	<ul style="list-style-type: none"> <li>To be adopted 1 January 2019.</li> <li>The adoption is not expected to have a material impact on the financial statements.</li> </ul>



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Adoption of new and revised standards (continued)

Standard	Description	Impact on the financial statements or other significant matters
<b><i>Financial Reporting Standard Issued and Adopted</i></b>		
IFRS 15 Revenue from Contracts with Customers  <i>Issued November 2014, with further clarifications issued in June 2016</i>	<ul style="list-style-type: none"> <li>Requires revenue from contracts with customers to be recognised upon transfer of control of a good or service in the amount of consideration expected to be received.</li> <li>Changes the accounting for certain contract costs, including whether they may be offset against revenue in the accompanying Statement of Comprehensive Income, and requires additional disclosures about revenue and contract costs.</li> <li>The transition guidance allows entities an option to either apply in full to prior periods or retain prior period figures as reported under the previous standards.</li> </ul>	<ul style="list-style-type: none"> <li>Adopted 1 January 2018.</li> <li>The Company adopted the standard under the full retrospective transition method of adoption.</li> <li>The Company's implementation efforts included the identification of revenue within the scope of the standard and the evaluation of revenue contracts using the practical expedient portfolio approach.</li> <li>The adoption of the standard did not have a material impact on the financial statements.</li> </ul>
IFRS 9 Financial Instruments  <i>Issued July 2014 and consequential amendments to IFRS7 Financial Instruments</i>	<ul style="list-style-type: none"> <li>Introduces new requirements for: 1) The classification and measurement of financial assets and financial liabilities. 2) Impairment of financial assets, and 3) General hedge accounting.</li> <li>Replaces the current incurred loss approach for credit losses with an "expected loss" model for instruments measured at amortised cost.</li> <li>Allows entities to use a provision matrix to measure expected credit losses for trade receivables. The provision matrix is based on historical observed default rates over the expected life of the trade receivables and adjusted for forward-looking estimates.</li> </ul>	<ul style="list-style-type: none"> <li>Adopted 1 January 2018.</li> <li>The Company elected to apply the simplified approach and record expected credit losses on receivables using a provision matrix.</li> <li>The adoption of the standard did not have a material impact on the financial statements.</li> </ul>
IFRIC 22 Foreign Currency Transactions and Advance Consideration  <i>Issued December 2016</i>	<ul style="list-style-type: none"> <li>Addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (for example, a non-refundable deposit or deferred revenue).</li> <li>Specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.</li> <li>Requires an entity to determine the date of transaction for each payment or receipt of advance consideration if there are multiple payments or receipts in advance.</li> </ul>	<ul style="list-style-type: none"> <li>Adopted 1 January 2018.</li> <li>The adoption of the standard did not have a material impact on the financial statements.</li> </ul>

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **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 on pages 2 to 4.

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.

The principal accounting policies adopted are set out below.

### **Revenue recognition**

On 1 January 2018, the Company applied IFRS15 Revenue from Contracts with Customers, under the full retrospective method of adoption. The adoption of the standard did not have a material impact to the recognition and timing of its revenues.

The Company recognises revenue to depict the transfer of promised services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services. To achieve that principle, the Company applies the following steps: identify the contract(s) with the customer, identify the performance obligations in the contract(s), determine the transaction price, allocate the transaction price to the performance obligations in the contract and recognise revenue when (or as) the entity satisfies a performance obligation.

The Company recognises revenue from contracts with customers as performance obligations are satisfied when promised services are transferred to the customer. The majority of the promised services and related performance obligations are recognised at the point in time when the control of the promised service is transferred to the customer.

The amount of revenue recognised reflects the consideration the Company expects to be entitled to for transferring the promised services to the customer. For certain contracts with customers, the consideration in which the Company expects to be entitled to in exchange for transferring promised service to a customer consists of variable consideration. The variable consideration primarily relates to volume based discounts and price caps for certain services. The volume targets or thresholds that typically reset on a monthly basis do not have an impact on the revenue recognition; however, price caps may provide free service. At contract inception the Company allocates and defers a portion of the transaction price to the free service. The deferred portion would be recognised as revenue when the additional service is performed.

The Company's revenue is primarily derived from its reporting services. The GTR service supports data submissions including real-time price reporting, transaction details, confirmation records and valuation data. The TIW's Trade Reporting Repository enables regulators and market participants to view the market's overall risk exposure to OTC credit derivatives instruments by operating and maintaining the centralised, electronic database for credit default swap contracts outstanding in the global marketplace. Repository services include OTC and ETD derivatives reporting and trade reporting.

The Company derives its repository service revenue from transaction fees, subscription revenue and support services. Revenue from transaction fees is recognised at a point in time on the transaction date, as the customer obtains the control and benefit of the service at that point. Subscription and support revenues are recognised 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. The Company typically bills its customers 30 days in arrears.

### **Interest income**

Interest income is primarily derived from bank deposits and is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is recognised by applying the effective interest rate method, except for short-term balances when the effect of discounting is immaterial.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **Interest income (continued)**

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. The application of the effective interest method has the effect of recognising interest income on the instrument in proportion to the amount outstanding such that the yield earned is constant over the period to maturity.

### **Foreign currencies**

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

### **Operating profit**

Operating profit is stated before interest income and finance costs.

### **Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

*Current Tax* - The current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income 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* - The Company records a deferred income tax (benefit) provision when there are differences between assets and liabilities measured for financial reporting and for income tax return purposes. These temporary differences result in taxable or deductible 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. 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.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also charged or credited in other comprehensive income.

### **Financial assets**

Financial assets mainly comprise cash and cash equivalents, trade and other receivables. All financial assets are recognised and de-recognised on a trade date basis and are initially measured at fair value plus transaction costs. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition. Financial assets of the Company are classified as Cash and cash equivalents, Trade receivables, Other current assets and Taxes receivables.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **Financial assets (continued)**

*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. Cash and cash equivalents are assessed to have low credit risk at each reporting date as they are held with reputable international banking institutions.

*Trade and other receivables* - Trade and other receivables are stated at cost, net of a provision for doubtful accounts.

### Impairment of financial assets

Financial assets are assessed for impairment using the simplified approach because trade receivables are typically outstanding for a relatively short period of time and do not contain a significant financing component. Under the simplified approach, the loss provision is measured at an amount equal to lifetime expected credit losses. The Company uses a provision matrix to determine the expected credit losses for the portfolio. The provision matrix is based on its historical observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. The historical observed default rates are updated and changes in the forward-looking estimates are analysed at each reporting date.

### Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

### **Financial liabilities and shareholders' equity**

#### Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

#### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

#### Financial liabilities

Other liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, with interest expense recognised on an effective yield basis, using the effective interest method.

#### Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **Reclassification**

In the fourth quarter of 2018, the Company changed its financial statement presentation for allocated depreciation, amortisation expenses and its ancillary services fee. Accordingly, the Company made certain reclassifications in the 31 December 2017 Statement of Comprehensive Income to conform to the current period presentation.

The impact of the change in presentation for allocated depreciation, amortisation and ancillary services fees on the Company's previously reported results for the year ended 31 December 2017 follows (in thousands):

	For the year ended 31 December 2017		
	As previously reported	New allocation presentation adjustment	As restated
Employee compensation and related benefits	16,646	(10,122)	6,524
Professional and other services	6,671	(4,466)	2,205
Information technology	5,395	(3,586)	1,809
Occupancy	1,303	(919)	384
Other general and administrative	21,243	(171)	21,072
Ancillary service fees	—	19,264	19,264

## **3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company's accounting policies, which are described in Note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### **Critical judgements in applying the Company's accounting policies**

#### *Provision for doubtful accounts*

Accounts receivable are stated at cost, net of an allowance. The Company establishes a provision for doubtful accounts receivable to ensure the Company has not overstated receivable balances due to uncollectibility. The provision is calculated based on monitoring the current and projected credit quality of the Company's customers, local business customs, historical experience, payment history, financial stability, trends and other factors that affect collectability. See Note 9 for additional information.

### **Key sources of estimation uncertainty**

There were no estimations of uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

There are no other critical judgements that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

#### 4. REVENUE

An analysis of the Company's revenue follows:

	Year ended 2018	Year ended 2017
	\$000s	\$000s
<b>Continuing operations</b>		
Global Trade Repository	98,551	88,897
Trade Information Warehouse	27,620	31,019
Total	<u>126,171</u>	<u>119,916</u>

All revenue is generated from fees and is primarily generated from within the European Union. Of the GTR revenue, \$87,366k (2017: \$82,411k) 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.

#### 5. OPERATING PROFIT

The profit for the year has been arrived at after charging / (crediting):

	Year ended 2018	Year ended 2017
	\$000s	\$000s
Staff costs (Note 7)	1,564	1,477
Foreign exchange losses / (gains) - unrealised	68	(406)
Foreign exchange (gains) / losses - realised	(350)	65
	<u>1,282</u>	<u>1,136</u>

#### 6. AUDITOR'S REMUNERATION

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual financial statements were \$131k (2017: \$111k). Fees payable to Deloitte LLP and their associates for non-audit services to the Company were \$27k (2017: \$27k).

#### 7. STAFF COSTS

The average monthly number of employees was:

	2018 Number	2017 Number
Administration and general	6	5
	<u>6</u>	<u>5</u>

Their aggregate remuneration comprised:

	Year ended 2018	Year ended 2017
	\$000s	\$000s
Wages and salaries	1,322	1,246
Social security costs	171	164
Other pension costs	71	67
	<u>1,564</u>	<u>1,477</u>

Staff costs include costs for employees employed directly by DDRP. 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.

## 8. TAXATION

	Year ended 2018 \$000s	Year ended 2017 \$000s
Current tax:		
Current year	13,228	13,413
Adjustments in respect of prior years	(97)	27
	<u>13,131</u>	<u>13,440</u>
Deferred tax:		
Current year	(5)	26
Adjustments in respect of prior years	16	(12)
	<u>11</u>	<u>14</u>
Total tax charge	<u>13,142</u>	<u>13,454</u>

### Analysis of the tax charge

The charge for the year can be reconciled to the profit in the profit and loss account as follows:

	Year ended 2018 \$000s	Year ended 2017 \$000s
Profit before tax on continuing operations	<u>69,592</u>	<u>69,803</u>
Tax at UK corporate tax rate of 19.00% (2017: 19.25%)	13,222	13,437
Tax effect of expenses not deductible in determining taxable profit	1	—
Adjustments in respect of prior years	(81)	17
Total tax charge	<u>13,142</u>	<u>13,454</u>

The UK corporation tax rate applying to DDRP was 19.00% (2017: 19.25%) of the estimated assessable profits for the year.

### Deferred tax

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

	2018 \$000s	2017 \$000s
<b>Deferred Tax</b>		
Asset at beginning of year	26	40
Deferred tax (charge) / credit from prior year in profit and loss account	(16)	12
Deferred tax credit / (charge) on capital allowances and other short-term timing differences	5	(24)
Effect of rate change	—	(2)
Asset at the end of the year	<u>15</u>	<u>26</u>
In respect of:		
Capital allowances	5	6
Other timing differences	10	20
Deferred tax asset at the end of the year	<u>15</u>	<u>26</u>

## 8. TAXATION (CONTINUED)

Deferred tax is calculated using rates of UK corporation tax expected to be in effect at the time assets are realised as follows:

Before 31 March 2017 20.00%, between 1 April 2017 and 31 March 2020 19.00% and after 1 April 2020 17.00%.

## 9. TRADE RECEIVABLES

	2018	2017
	\$000s	\$000s
Trade receivables (gross)	16,003	16,602
Allowance for doubtful debts and other reserves	(513)	(131)
Trade receivables (net)	<u>15,490</u>	<u>16,471</u>

The average credit period for third parties is 23 days (2017: 24 days). No interest is charged on outstanding trade receivables from third parties. Expected credit losses are estimated using a provision matrix by reference to historical observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates (2017: Allowance for doubtful debts are recognised against trade receivables past due based on estimated irrecoverable amounts). The Company has recognised an allowance for doubtful debts of 5% against all receivables past due over 61 to 180 days and 10% against all receivables past due over 180 days based on specific review of the Company's customers.

The analysis of trade receivable from third parties is as follows:	2018	
	\$000s	
Current or within 60 days past due		15,297
61 to 180 days past due	685	
More than 180 days past due	<u>21</u>	706
Expected credit loss allowance		(36)
Allowance for credit reserves		<u>(477)</u>
Net carrying amount		<u>15,490</u>

The analysis of trade receivable from third parties is as follows:	2017	
	\$000s	
Not past due and not impaired		15,876
Past due and impaired		
< 3 months	671	
3 months to 6 months	<u>17</u>	688
Past due and impaired		38
Allowance for doubtful debts		(38)
Allowance for credit reserves		<u>(93)</u>
Net carrying amount		<u>16,471</u>

<u>Movement in the provision for doubtful debts</u>	2018	2017
	\$000s	\$000s
Balance at beginning of the year	38	223
Amounts written off during the year	(185)	(89)
Increase / (decrease) in allowance recognised in Statements of Comprehensive Income	<u>183</u>	<u>(96)</u>
Balance at end of the year	<u>36</u>	<u>38</u>



## 10. CALLED UP SHARE CAPITAL

As at 31 December 2018, 140,122 ordinary shares (2017: 95,000) with a par value of €0.8564 (2017: €0.8564) per share, are outstanding.

On 17 January 2018, the Board of Directors approved an allotment of 45,122 additional shares with a nominal value of €0.8564 each to the sole shareholder, DTCC (UK) Limited to meet future Societas Europaea ("SE") share capital requirements.

On 28 July 2017, the Company re-registered as a non-listed public company. In order to satisfy the share capital requirements of sections 91 and 92 of Companies Act 2006 (the "Act"), the share capital was redenominated from US dollars to Euros prior to re-registration. The redenomination of shares did not impact capital.

## 11. DIVIDENDS

	Year ended 2018	Year ended 2017
	\$000s	\$000s
Amounts recognised as distributions to equity holders in the year:		
Dividend paid, \$642.30 (2017: \$nil) per share	90,000	—
Dividend paid, \$392.52 (2017: \$nil) per share	55,000	—

## 12. RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED BY OPERATIONS

	Year ended 2018	Year ended 2017
	\$000s	\$000s
Profit before tax on continuing operations	68,659	68,658
Decrease / (increase) in trade receivables and other receivables	992	(1,752)
Increase / (decrease) in intercompany payables	5,271	(12,697)
(Decrease) / increase in other payables	(94)	552
Cash generated by operations	74,828	54,761
Income taxes paid	(14,767)	(12,181)
Net cash from operating activities	60,061	42,580

## 13. DIRECTORS EMOLUMENTS

	Year ended 2018	Year ended 2017
	\$000s	\$000s
Total emoluments	469	382
Amounts (excluding shares) receivable under long-term incentive schemes	268	150
Total	737	532

During 2018 and 2017, 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 DDRP based on their estimated services provided to the Company. The Directors disclosed in this note are the only key management personnel of the Company.

#### **14. RELATED PARTY DISCLOSURES**

In the ordinary course of business, the Company enters into related party transactions with other subsidiaries of its ultimate Parent.

##### **Transactions with Deriv/SERV**

The Company has an agreement with Deriv/SERV for the non-exclusive right and license to use Deriv/SERV's intellectual property. The Company pays Deriv/SERV a license fee of 20% of the amount charged by the Company to end-users, which is included in Other general and administrative in the accompanying Statements of Comprehensive Income. The agreement also included fees for ancillary services. Ancillary services are support services that Deriv/SERV provides to the Company that are not performed locally but are directly attributable to the support of the local business.

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 or receivables. 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 values due to the short-term maturity of the balances. Amounts due from or due to related parties are included in other current assets or other current liabilities.

	Income attributable from related parties \$000s	Expenses attributable from related parties \$000s	Amounts due from related parties \$000s	Amounts due to related parties \$000s
<b>2018</b>				
Service fee income from affiliates	531	—	—	—
Service fee charges from affiliates	—	7,140	—	—
Transfer Pricing charges – Deriv/SERV	—	45,178	—	—
Affiliate DTCC subsidiary companies	—	—	6,065	6,784
Corporate tax group relief	—	—	—	—
<b>2017</b>				
Service fee income from affiliates	164	—	—	—
Service fee charges from affiliates	—	12,164	—	—
Transfer Pricing charges – Deriv/SERV	—	35,831	—	—
Affiliate DTCC subsidiary companies	—	—	7,201	2,649
Corporate tax group relief	—	—	336	—

#### **15. ULTIMATE CONTROLLING PARTY**

The ultimate parent undertaking and controlling entity and the parent of the largest and smallest company, DTCC (UK) Limited, 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). The registered address of DTCC (UK) Limited is 1 Snowden Street, Broadgate Quarter, London, EC2A 2DQ. The registered address of DTCC is 55 Water Street, New York, NY, 10041, United States.

#### **16. EVENTS AFTER THE BALANCE SHEET DATE**

On May 8, 2019, the Board of Directors declared and approved a dividend of up to \$35,000k from the Company to its immediate parent, DTCC (UK) Limited.

There were no other significant events after the balance sheet date that would require recognition or disclosure in the financial statements.