DTCC Derivatives Repository Plc

Annual report and financial statements for the year ended 31 December 2019

Registered number: 07278142

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DIRECTORS:	Thomas Bailey Johannah Lizbeth Bowles Michael John Carrier Michele Jeanne Renee Cescut Christopher Mark Childs Anthony Joseph Deluca Anne Faucheux Gerald Forey Timothy Patrick Keady David Michael Lawton Michael Mahoney Richard John McCarthy Diane Helene Paredes Todd Gerald Primavera Natalie Joy Primrose Sally Lorraine Shackleton Drew Shoemaker Susan Jean Tysk-Cosgrove Nicolas Veron Kathryn Patricia Wallis
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. DDRP operates in the European Union (the "EU") and is registered as a trade repository with the European Securities and Markets Authority ("ESMA") and the Swiss Financial Markets Supervisory Authority ("FINMA"), and is also as a service company with the Financial Conduct Authority (the "FCA"). 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 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")

As a result of the European Union (Withdrawal Agreement) Act 2020 gaining royal assent on the 23 January 2020 and the ratification of the agreement by the European Council on 29 January 2020, the United Kingdom ("UK") has left the EU on 31 January 2020 and entered a transition period that will last until 23:00 GMT on 31 December 2020. During transition, the UK will be required to adhere to existing EU legislation / regulation as well as implement any new EU27 (Remaining EU Member States) legislation / regulation that goes live during transition.

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 after the transition period ends. This does not impact TIW or HKMA services and their revenue generating ability, which at 31 December 2019 was $36,900k.

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 no longer generate revenue from EU EMIR and FinfraG reporting. The Company estimates the reduction in EU EMIR and FinfraG reporting revenue could range from 40-60% of its current EU EMIR and FinfraG reporting revenue, which at 31 December 2019 was $88,639k. 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 costs reducing proportionately. Lower license fees will be incurred as they are charged as a percentage of revenue, and ancillary fees to operate the TR will reduce in line with the services required for a smaller revenue base. 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 DDRP is no longer permissioned to do so, DDRP's EU clients will be able to meet their EU EMIR regulatory requirements via this new GTR subsidiary.

Novel strain of Coronavirus (COVID-19)

The recent outbreak of the novel coronavirus ("COVID-19") in many countries continues to adversely impact global commercial activity and has contributed to significant volatility in financial markets. The World Health Organization has declared COVID-19 a "Public Health Emergency of International Concern." The global impact of the outbreak has been rapidly evolving, and as cases of the virus have continued to be identified in additional countries, many countries have reacted by instituting quarantines and restrictions on travel. Such actions are creating disruption in global supply chains, and adversely impacting a number of industries, such as transportation, hospitality and entertainment. The outbreak could have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact of the novel coronavirus. Factors described herein that may affect market, economic and geopolitical conditions, and thereby adversely affect the Company's business include, without limitation, economic slowdown in the UK. and internationally, changes in interest rates and/or a lack of availability of credit in the UK. and internationally, changes in law and/or regulation, and uncertainty regarding government and regulatory policy. The novel coronavirus presents uncertainty and risk with respect to the Company's business performance into the first half of 2020 and going forward, however given the nature to which the Company derives its revenue, there has been little negative impact on performance up until the date of these financial statements. The Company is closely monitoring the spread of COVID-19 and the potential effects on its operations and business.

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 covert its registration to a UK trade repository regulated by FCA, and scaling back its cost base, mitigates the overall impact of Brexit. The potential effect of COVID-19 and its risk to the Company is also being closely monitored. The Company has shown operational resiliency, working in a virtual working environment, with little or no disruption to the business and its clients. 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 2019, DDRP generated total revenues of $125,539k (2018: $126,171k), a decrease of (0.50)% from the prior year. Revenues relating to data and repository services include GTR $100,419k (2018: $98,551k) and TIW $25,120k (2018: $27,620k) 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. All DDRP services remain uninterrupted and the Company has not experienced any negative financial impacts related to COVID-19 through the date of this report.

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), target 98% (2018: 98%).

Principal risks and uncertainties

The Company's activities expose it to a variety of risks: regulatory risk, counterparty risk, liquidity risk and Pandemic business performance 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 called up share capital, capital contribution and accumulated profit. On that basis, the total capital of the Company as at 31 December 2019 and 2018 was $82,097k and $67,408k, respectively. The Company was initially capitalised with $95k of called up capital and subsequent capital contributions in 2011 and 2013 totaling $8,250k. In 2018, an additional $45k of called up capital was allotted and paid by its sole shareholder.

COVID-19
COVID-19 risk is the risk that the Company will be adversely affected by the pandemics impact on the Company's operations and performance. The novel coronavirus presents uncertainty and risk with respect to the Company's business performance into the first half of 2020 and going forward, however given the nature to which the Company derives its revenue, there has been little negative impact on performance up until the date of these financial statements. The Company is closely monitoring the spread of COVID-19 and the potential effects on its operations and business.

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.

Section 172(1) Statement

The Directors are aware of their duty to "act in the way each Director considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

(a) the likely consequences of any decision in the long term,
(b) the interests of the Company's employees,
(c) the need to foster the Company's business relationships with suppliers, customers and others,

(d) the impact of the Company's operations on the community and the environment,
(e) the desirability of the company maintaining a reputation for high standards of business conduct, and
(f) the need to act fairly as between members of the Company."

Key Stakeholders

The key stakeholders we consider in this regard are clients and customers who engage with us, our regulator, our shareholder who owns us, supporting our communities and the people who work for us.

Stakeholder Engagement

As part of our stakeholder engagement the Board is committed to effective engagement with all of its stakeholders. Depending on the nature of the issue in question, the relevance of each stakeholder group may differ and, as such, as part of its engagement with stakeholders, the Board seeks to understand the relative interests and priorities of each group and to have regard to these, as appropriate, in its decision-making.

Decision-Making

Governance underpins how the Board conducts itself and the culture and values on how business is conducted. The Board considers and discusses information from across the Company to help it understand the impact of its operations and the interests and views of our key stakeholders. It also reviews strategy, financial and operational performance, as well as information covering areas such as key risks, and legal and regulatory compliance. This information is provided to the Board through reports sent in advance of each Board meeting. In addition to this, the Board seeks to understand the interests and views of the stakeholders. As a result of these activities, the Board has an overview of engagement with stakeholders, and other relevant factors such as the consequences of decisions in the long term and maintaining a reputation for high standards of business conduct, which enables the directors to comply with their decision-making legal duty under section 172 of the Companies Act 2006.

Business Relationships

Our clients and customers are central to our business and as such the Company remains directly connected to its immediate eco-system via its traditional mechanisms. Elevating the client experience is embedded in our vision. The Board is comprised of key user representatives as well as independent directors. It also operates several advisory groups with members representing the majority of regular service users. We conduct regular product road shows in the key European jurisdictions supported by a full programme of client outreach meetings led by the Relationship Management team. Through the Client Operations team, clients are regularly surveyed on their service experience. Through our Product and Regulatory relations teams, we also actively manage the regulatory relationships as well as responding to all relevant industry consultations. Board actions on delivering this is noted in the Board activity below under strategy, operations and finance.

Regulator

The Company's business model contains both regulated and unregulated activities, without its regulatory licences it would not be able to perform the former for its clients, which in turn would influence its returns to shareholders. The Company ensures it complies with all relevant laws and regulations by having a sufficiently strong framework in place to mitigate and prevent the risk of non-compliance, whilst also engaging in pro-active and open dialogue with its regulators. This is noted in the Board activity below under the internal control and risk management.

Shareholder

Delivering for our sole shareholder ensures the business continues to be successful in the long term and can therefore continue to deliver for all our stakeholders which is noted in the Board activity below under strategy, operations and finance.

Building Communities

Building communities is at the core throughout the DTCC group in strategic sponsorship and partnerships, thought leadership and community impact through corporate social responsibility ("CSR") efforts. Creating a diverse and inclusive work environment is important to all of us. We work hard to continually embed diversity and inclusion into our culture, fostering an environment where all employees are valued and respected and feel that they can play an active part in the Company's success.

Employees and colleagues

Our people make a critical difference to our success, and our investment in them protects and strengthens our culture. We expect our people to treat each other with dignity and respect, and do not tolerate discrimination, bullying, harassment or victimisation on any grounds. The Company has very few employees as noted in Note 7 of the financial statements and which can be noted in the Board activity below under leadership and people.

Board activity in 2019

Strategy, operations and finance

- Monitored and received regular updates on Brexit and the regulatory landscape, including the potential impact of Brexit on the business
- Reviewed and approved the proposal to file an application with ESMA to extend the registration of DDRL to include Securities Financing Transaction Reporting Application reporting
- Approved the Company's Annual report and financial statements for the year-ended 31 December 2018 and the 2019 AGM Notice
- Reviewed and approved the Company's dividends declared and paid in 2019
- Received presentations from the Chief Executive Officer and Chief Financial Officer and senior management on strategic initiatives and trading performance
- Review the business long range forecast and strategic initiatives
- Reviewed the business budget
- Received updates on recent developments in the competitive landscape
- Approved amendments to the TIW Operating Procedures (Fee Changes)
- Received regular feedback from management on customer concerns, expectations and activity.

Leadership and people

- Continued to focus on the composition, balance and effectiveness of the Board, approved the appointments on the recommendation of the Nominations Committee
- Reviewed the key operational roles succession planning
- Held separate Executive sessions as necessary

Internal control and risk management

- Reviewed the Group's Risk Management Framework and principal risks and uncertainties
- Reviewed and validated the effectiveness of the Group's systems of internal controls and risk management
- Reviewed updates on the information and cyber security control environment
- Received regular status updates on the Operational Resilience programme
- Receives regular updates from Compliance on regulatory matters

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 Review of the business, above.

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. With regards to COVID-19 and its potential impact on the global markets and the Company, the Directors have assessed the impact to the Company's business model and concluded the going concern basis is still appropriate.

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.

Approved on behalf of the Board:

Christopher Mark Childs, Director
Date: 29 May 2020

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 2019.

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 $59,689k (2018: $56,450k). During the year, dividends of $45,000k were paid (2018: $145,000k).

Principal activities

DDRP is a company organised under the laws of England and Wales and is registered as a trade repository with ESMA and FINMA, and is also a service company with the FCA. DDRP operates in the EU. 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.

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.

On 21 December 2018, DDRP received approval for registration with FINMA to provide trade reporting services in Switzerland. This registration allows DDRP to also support reporting obligations that fall under the FMIA.

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 trade repository the date the UK leaves the EU, subject to final regulatory approval from the FCA.

On 29 April 2020, DDRP received approval for the extension of its registration with ESMA to provide services for Securities Financing Transactions Reporting ("SFTR").

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:

Held position throughout the entire period	Date Appointed	Date Resigned
Thomas Bailey		
Johannah Lizbeth Bowles		
Christopher Mark Childs		
Anthony Joseph Deluca		
Timothy Patrick Keady		
Richard John McCarthy		
Todd Gerald Primavera		
Natalie Joy Primrose		
Sally Lorraine Shackleton		
Nicolas Veron		
Appointed during the period		
Michael John Carrier	01 November 2019	
Michele Jeanne Renee Cescut	24 May 2019	

Directors (continued)

Appointed during the period (continued)	Date Appointed	Date Resigned
Anne Faucheux	11 February 2020	
Gerald Forey	5 May 2020	
David Michael Lawton	27 December 2019	
Michael Mahoney	13 March 2019	
Diane Helene Paredes	11 February 2020	
Drew Shoemaker	01 November 2019	
Susan Jean Tysk-Cosgrove	02 March 2020	
Kathryn Patricia Wallis	27 December 2019	
Appointed and resigned during the period		
Karen Ann Head	29 March 2019	19 November 2019
Sundeep Mohan Kripalani	30 July 2019	11 December 2019
Graeme Edward Brian McEvoy	09 October 2018	08 May 2019
Resigned during the period		
Aline Bouillie		16 January 2019
Dr David Coulson		12 May 2020
Frederic Crosnier		05 July 2019
Andrew William Dare Douglas		2 June 2019
Alberto Giovannini		24 April 2019
Brian James Halligan		16 July 2019
Mark Patrick Wetjen		17 December 2019

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.

Business relationships

The business relationships are disclosed in the strategic report.

Events after Balance Sheet Date

Events after the balance sheet date are disclosed in note 16.

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 Section 418 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: 29 May 2020

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 2019 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.

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. 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 FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
29 May 2020

	Notes	2019 $000s	2018 $000s
Revenue	4	125,539	126,171
Expenses:			
Ancillary service fees		32,537	26,128
License fees		24,602	19,050
Professional and other services		2,181	2,671
Employee compensation and related benefits		1,431	4,843
Occupancy		116	194
Information technology		67	954
Other general and administrative		1,410	3,672
Total expenses		62,344	57,512
Operating profit	5	63,195	68,659
Interest income		1,051	933
Profit before taxation		64,246	69,592
Income tax expense	8	4,557	13,142
Profit for the year		59,689	56,450

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 18 to 30 are an integral part of these financial statements.

BALANCE SHEET

As at 31 December 2019

	Notes	2019 $000s	2018 $000s
Current assets			
Cash and cash equivalents		70,283	58,021
Trade receivables	9	14,839	15,490
Other current assets		4,248	6,122
Taxes receivable		8,979	406
Total current assets		98,349	80,039
Non-current assets			
Deferred tax assets	8	26	15
Total non-current assets		26	15
Total assets		98,375	80,054
Current liabilities			
Other current liabilities		11,165	7,801
Total current liabilities		11,165	7,801
Non-current liabilities			
Deferred bonuses		83	29
Other non-current liabilities		5,030	4,816
Total non-current liabilities		5,113	4,845
Total liabilities		16,278	12,646
Equity			
Called up share capital	10	140	140
Capital contribution		8,250	8,250
Retained earnings		73,707	59,018
Total members' equity		82,097	67,408
Total liabilities and members' equity		98,375	80,054

The accompanying notes on pages 18 to 30 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 29 May 2020 and were signed on its behalf by:

Christopher Mark Childs

Director

Registered number: 07278142

	Called up share capital $000s	Capital contribution $000s	Retained earnings $000s	Total equity $000s
Balance at 01 January 2018	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)
Balance at 31 December 2018	140	8,250	59,018	67,408
Profit and comprehensive income for the year	—	—	59,689	59,689
Dividends (Note 11)	—	—	(45,000)	(45,000)
Balance at 31 December 2019	140	8,250	73,707	82,097

The accompanying notes on pages 18 to 30 are an integral part of these financial statements.

	Notes	Year ended 2019 $000s	Year ended 2018 $000s
Net cash flows from operating activities	12	56,194	60,061
Cash flows from investing activities			
Interest on bank deposits		1,068	931
Net cash from investing activities		1,068	931
Cash flows from financing activities			
Increase in share capital	10	—	45
Dividend payments	11	(45,000)	(145,000)
Net cash (used in) financing activities		(45,000)	(144,955)
Net increase / (decrease) in cash and cash equivalents		12,262	(83,963)
Cash and cash equivalents at beginning of year		58,021	141,984
Cash and cash equivalents at end of year		70,283	58,021

The accompanying notes on pages 18 to 30 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 8 to 10.

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 have also been prepared in accordance with International Financial Reporting Standards "IFRSs" adopted by the European Union "EU".

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
International Accounting Standards Board Standard Issued but not yet Adopted		
IAS 1 and IAS 8 *Definition of Material* Issued September 30 2019	• Clarify the definition of material, how it should be applied and: • Included the concept of 'obscuring' material information with immaterial information as part of the new definition. • The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. • The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. • Amended other Standards and the *Conceptual Framework* that contain a definition of material or refer to the term 'material' to ensure consistency. • Are not intended to change the underlying concept of materiality in IFRS Standards.	• To be adopted 1 January 2020. • The adoption of the standard will not have a material impact on the Financial Statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of new and revised standards (continued)

Standard	Description	Impact on the financial statements or other significant matters
International Accounting Standards Board Standard Issued, but not yet Adopted (continued)		
Conceptual Framework for Financial Reporting *Issued 29 March 2018*	• The Conceptual Framework sets out the fundamental concepts of financial reporting. It assists the International Accounting Standards Board in developing and revising IFRSs that are based on consistent concepts, to help preparers to develop consistent accounting policies for areas that are not covered by a standard or where there is choice of accounting policy, and to assist all parties to understand and interpret IFRS. • The new concept: • Reintroduces the term of stewardship and prudence. • Introduces a new asset definition that focuses on rights and new liability definition. • Removes from the asset and liability definitions references to the expected flow of economic benefits. • Discusses historical cost and current value measures, and provide some guidance on selecting measurement basis for a particular asset or liability. • States that the primary measure of financial performance is profit or loss. • Discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements. • The references in the Standards are also updated to refer to the new Framework.	• To be adopted 1 January 2020. • The adoption of the standard will not have a material impact on the Financial Statements.
International Accounting Standards Board Standard Issued and adopted		
IFRS 16 Leases *Issued July 2016*	• 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. • 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. • 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.	• Adopted 1 January 2019. • The adoption of the standard did not have a material impact on the Financial Statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of new and revised standards (continued)

Standard	Description	Impact on the financial statements or other significant matters
International Accounting Standards Board Standard Issued and adopted		
Annual Improvements to IFRS Standards 2015-2017 Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs *Issued December 2017*	The *Annual Improvements* include amendments to four Standards: IAS 12 *Income Taxes* The amendments clarify that the Company should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Company originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits. IAS 23 *Borrowing Costs* The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. IFRS 3 *Business Combinations* The amendments clarify that when the Company obtains control of a business that is a joint operation, the Company applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation. IFRS 11 *Joint Arrangements* The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the Company does not remeasure its PHI in the joint operation.	• Adopted 1 January 2019. • The adoption of the standard did not have a material impact on the Financial Statements.

IFRIC 23 Uncertainty over Income Tax Treatments
 	
Issued June 2017
	The Company has adopted IFRIC 23 for the first time in the current year. IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the Company to:
	
	• determine whether uncertain tax positions are assessed separately or as a group; and
	• assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
	  • If yes, the Company should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
	  • If no, the Company should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method
		• Adopted 1 January 2019.
		
		• The adoption of the standard did not have a material impact on the Financial Statements.

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 7.

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. With regards to COVID-19 and its potential impact on the global markets and the Company, the Directors have assessed the impact to the Company's business model and concluded the going concern basis is still appropriate.

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

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 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 Global Trade Repository ("GTR") service supports data submissions including real-time price reporting, transaction details, confirmation records and valuation data. The Trade Information Warehouse ("TIW") 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 up to 30 days in arrears.

Interest income

Interest income is primarily derived from short-term 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest income (continued)

Interest income on long-term deposits is recognised by applying the effective interest rate method. 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 temporary 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 (permanent differences).

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 where the purchase or sale of a financial asset is under contract whose terms require delivery of the financial asset within the timeframe established by the market concerned. Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value but do not consider transactions costs. The 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.

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 expected credit losses.

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.

Definition of Default

The company considers that default has occurred when a financial asset is more than 60 days past due unless the company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write-off Policy

Uncollectible receivables are written-off when collection efforts are unsuccessful and exhausted and there is no realistic prospect of recovery or when the amounts are over one year past due, whichever occurs sooner. Write-off is the final step in the process of addressing balances that are deemed to be worthless, and permanently acknowledging the negative financial impact they have on the company. Any recoveries made are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 years.

Critical judgements in applying the Company's accounting policies

Expected credit loss allowance

The Company establishes expected credit loss allowance to ensure the Company has not overstated receivable balances due to uncollectibility. The allowance 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 2019	Year ended 2018
	$000s	$000s
Continuing operations		
Global Trade Repository	100,419	98,551
Trade Information Warehouse	25,120	27,620
Total	125,539	126,171

All revenue is generated from fees and is primarily generated from within the European Union. Of the GTR revenue, $88,634k (2018: $87,366k) 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 2019	Year ended 2018
	$000s	$000s
Staff costs (Note 7)	1,292	1,564
Foreign exchange losses - unrealised	126	68
Foreign exchange losses / (gains) - realised	4	(350)
	1,422	1,282

6. AUDITOR'S REMUNERATION

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual financial statements were $143k (2018: $131k). Fees payable to Deloitte LLP and their associates for non-audit services to the Company were $26k (2018: $27k).

7. STAFF COSTS

The average monthly number of employees was:

	2019	2018
	Number	Number
Administration and general	4	6
	4	6

Their aggregate remuneration comprised:

	Year ended 2019	Year ended 2018
	$000s	$000s
Wages and salaries	1,098	1,322
Social security costs	143	171
Other pension costs	51	71
	1,292	1,564

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 2019 $000s	Year ended 2018 $000s
Current tax charge / (benefit):		
Current year	12,218	13,228
Adjustments in respect of prior years	(7,650)	(97)
	4,568	13,131
Deferred tax charge / (benefit):		
Current year	(8)	(5)
Adjustments in respect of prior years	(3)	16
	(11)	11
Total tax charge	4,557	13,142

The current tax adjustment in respect of prior years is mostly due to the Company utilising losses from a Group entity from its prior year return.

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 2019 $000s	Year ended 2018 $000s
Profit before tax on continuing operations	64,246	69,592
Tax at UK corporate tax rate of 19% (2018: 19%)	12,207	13,222
Tax effect of expenses not deductible in determining taxable profit	—	1
Adjustments in respect of prior years	(7,650)	(81)
Total tax charge	4,557	13,142

The UK corporation tax rate applying to DDRP was 19% (2018: 19%) 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.

	2019 $000s	2018 $000s
Deferred Tax		
Asset at beginning of year	15	26
Deferred tax credit / (charge) from prior year in profit and loss account	3	(16)
Deferred tax credit on capital allowances and other short-term timing differences	11	5
Effect of rate change	(3)	—
Asset at the end of the year	26	15
In respect of:		
Capital allowances	4	5
Other timing differences	22	10
Deferred tax asset at the end of the year	26	15

8. TAXATION (CONTINUED)

Deferred tax (continued)

Deferred tax balances have been calculated at the effective tax rate ruling at the balance sheet date. Finance (No. 2) Act 2016 reduced the UK corporation tax rate from 19% to 17% from 1 April 2020 and was substantively enacted on 15 September 2016. However, in the Budget on 11 March 2020 the Government has announced that the reduction in the rate will be reversed and the corporation tax rate will remain at 19% from 1 April 2020.

9. TRADE RECEIVABLES

	2019	2018
	$000s	$000s
Trade receivables (gross)	14,880	15,526
Expected credit loss allowance	(41)	(36)
Trade receivables (net)	14,839	15,490

The average credit period for third parties is 15 days (2018: 23 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. The Company has recognised an expected credit loss 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:	2019	2018
	$000s	$000s
Current or within 60 days past due	14,174	14,820
61 to 180 days past due	641	685
More than 180 days past due	65	21
Expected credit loss allowance	(41)	(36)
Net carrying amount	14,839	15,490

Movement in expected credit loss allowance	2019	2018
	$000s	$000s
Balance at beginning of the year	36	38
Amounts written off / (back) during the year / increase in allowance	5	(2)
Balance at end of the year	41	36

10. CALLED UP SHARE CAPITAL

As at 31 December 2019, 140,122 ordinary shares (2018: 140,122) with a par value of €0.8564 (2018: €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.

11. DIVIDENDS

	Year ended 2019	Year ended 2018
	$000s	$000s
Amounts recognised as distributions to equity holders in the year:		
Dividend paid, $71.37 per share	10,000	—
Dividend paid, $249.78 per share	35,000	—
Dividend paid, $642.30 per share	—	90,000
Dividend paid, $392.52 per share	—	55,000

12. RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED BY OPERATIONS

	Year ended 2019	Year ended 2018
	$000s	$000s
Operating profit on continuing operations	63,195	68,659
Decrease in trade receivables and other receivables	652	992
Increase in intercompany payables	5,161	5,271
Increase / (decrease) in other payables	160	(94)
Cash generated by operations	69,168	74,828
Income taxes paid	(12,974)	(14,767)
Net cash from operating activities	56,194	60,061

13. DIRECTORS EMOLUMENTS

	Year ended 2019	Year ended 2018
	$000s	$000s
Total emoluments	376	469
Amounts (excluding shares and share options) receivable under long-term incentive schemes	158	268
Total	534	737

During 2019 and 2018, 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 TRANSACTIONS

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

Transactions with Deriv/SERV and DTCC Solutions LLC

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.

14. RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions with Deriv/SERV and DTCC Solutions LLC (continued)

Prior to 2019, the Company used to receive allocated costs from DTCC service providers to operate the TIW business. These costs were represented in Statement of Comprehensive Income by the relevant expense type. This agreement was replaced in November 2018 and all subsequent costs are now included within the Ancillary services fee expense line.

The Company has an agreement with DTCC Solutions LLC, providing access to raw data and public reports to create enhanced TIW reports. DDRL receives a service fee income based on the revenue DTCC Solutions LLC generates.

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
31 December 2019				
Service fee income from affiliates	562	—	—	—
Allocated charges from affiliates	—	123	—	—
Ancillary service fees - Deriv/SERV	—	32,537	—	—
License fees - Deriv/SERV	—	24,602	—	—
Affiliate DTCC subsidiary companies	—	—	4,209	10,089
31 December 2018				
Service fee income from affiliates	531	—	—	—
Allocated charges from affiliates	—	7,140	—	—
Ancillary service fees - Deriv/SERV	—	26,128	—	—
License fees - Deriv/SERV	—	19,050	—	—
Affiliate DTCC subsidiary companies	—	—	6,065	6,784

15. ULTIMATE CONTROLLING PARTY

The Company's ultimate parent and controlling entity is DTCC, which is incorporated in the United States of America, and heads the largest and smallest group of companies of which the Company is a member. DTCC prepares consolidated financial statements in accordance with US GAAP. Copies of its financial statements can be obtained from 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

The recent outbreak of the novel coronavirus ("COVID-19") in many countries continues to adversely impact global commercial activity and has contributed to significant volatility in financial markets. The World Health Organization has declared COVID-19 a "Public Health Emergency of International Concern." The global impact of the outbreak has been rapidly evolving, and as cases of the virus have continued to be identified in additional countries, many countries have reacted by instituting quarantines and restrictions on travel. Such actions are creating disruption in global supply chains, and adversely impacting a number of industries, such as transportation, hospitality and entertainment. The outbreak could have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact of the novel coronavirus. Factors described herein that may affect market, economic and geopolitical conditions, and thereby adversely affect the Company's business include, without limitation, economic slowdown in the U.K. and internationally, changes in interest rates and/or a lack of availability of credit in the U.K. and internationally, changes in law and/or regulation, and uncertainty regarding government and regulatory policy. The novel coronavirus presents uncertainty and risk with respect to the Company's business performance into the first half of 2020 and going forward, however given the nature to which the Company derives its revenue, there has been little negative impact on performance up until the date of these financial statements. The Company is closely monitoring the spread of COVID-19 and the potential effects on its operations and business.

On 29 April 2020, DDRP received approval for the extension of its registration with ESMA to provide services for Securities Financing Transactions Reporting ("SFTR").

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