

INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors of National Securities Clearing Corporation
New York, NY

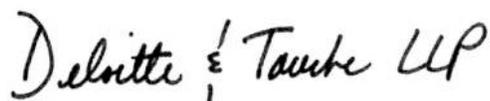
We have examined management's assertion of National Securities Clearing Corporation ("NSCC") (a wholly owned subsidiary of The Depository Trust & Clearing Corporation), included in the accompanying "Management's Assertion Regarding Section IV-G of Release No. 16900, under the Securities Exchange Act of 1934 relating to the Effectiveness of NSCC's Internal Control over the Processing of Transactions Related to Trade Comparison, Netting and Settlement of Products Serviced by NSCC," that NSCC complied with the criteria established in Section IV-G of Release No. 16900, under the Securities Exchange Act of 1934, during the twelve month period ended June 30, 2017 ("Management's Assertion"). Management is responsible for NSCC's compliance with those requirements, including maintaining effective internal control over the processing of transactions. Our responsibility is to express an opinion on management's assertion about NSCC's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting Management's Assertion about NSCC's compliance with requirements, and performing such other procedures as we considered necessary in the circumstances. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion about compliance with the specified requirements is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about whether management's assertion is fairly stated, in all material respects. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on NSCC's compliance with specified requirements.

In our opinion, Management's Assertion that NSCC maintained effective internal control and that no material inadequacies existed over the processing of transactions related to trade comparison, netting and settlement of products serviced by NSCC, and that NSCC complied with the requirements of Section IV-G of Release No. 16900 under the Securities Exchange Act of 1934 during the twelve month period ended June 30, 2017, is fairly stated, in all material respects.

Because of inherent limitations in any internal control, misstatements due to errors or fraud may occur and not be detected. Also, projections of any evaluation of internal control over to NSCC's trade comparison, netting and settlement of products serviced by NSCC to future periods are subject to the risk that the internal control may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

This report is intended solely for the information and use of the Board of Directors, management, and its regulators, and is not intended to be, and will not be, used by anyone other than those specified parties.



August 30, 2017

Management's Assertion Regarding Section IV-G of Release No. 16900, under the Securities Exchange Act of 1934 relating to the Effectiveness of NSCC's Internal Control over the Processing of Transactions Related to Trade Comparison, Netting, and Settlement of Products Serviced by NSCC

For the twelve month period ended June 30, 2017

The National Securities Clearing Corporation (the "Company" or "NSCC"), a wholly owned subsidiary of the Depository Trust & Clearing Corporation, maintains effective internal control over the processing of transactions related to trade comparison, netting and settlement of products serviced by NSCC, as per Section IV-G of Release No. 16900, under the Securities Exchange Act of 1934.

We, as members of management of the Company, are responsible for establishing and maintaining internal control over the processing of transactions related to trade comparison, netting and settlement of products serviced by the Company. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. Some of the objectives of such internal control are to provide management with reasonable, but not absolute, assurance (i) that detailed transaction information submitted by the exchanges, marketplaces or buyers and sellers are properly recorded or compared as appropriate, (ii) that the system properly nets transactions processed to reduce settlement obligations, (iii) that all transaction details are properly recorded and reflected in daily statements to participants and (iv) that the Company has the capability to meet its obligation to guarantee trades as of the later of midnight of T+1 and midnight of the day they are reported to members as compared/recorded. Participants are responsible for promptly reviewing the daily reports prepared by the Company, and for promptly notifying the Company of errors or omissions.

We have evaluated NSCC's internal control over processing of transactions related to trade comparison, netting and settlement of products serviced by NSCC, and based on this assessment, we assert that:

- NSCC has fairly stated and complied with, in all material respects, the requirements of Section IV-G of Release No. 16900 under the Securities Exchange Act of 1934 during the twelve month period ended June 30, 2017, and
- NSCC has maintained effective internal control and no material inadequacies exist, during the twelve month period ended June 30, 2017, over the processing of transactions related to trade comparison, netting and settlement of products serviced by NSCC, as defined by the requirements of Section IV-G of Release No. 16900, under the Securities Exchange Act of 1934.

THE NATIONAL SECURITIES CLEARING CORPORATION

August 30, 2017