EXHIBIT H (ITEM 17)

Attach as Exhibit H a balance sheet and statement of income and expenses, and all notes or schedules thereto of registrant, as of registrant's most recent fiscal year for which such information is available, certified by an independent accountant. (If certified financial information is not available, uncertified financial information should be submitted).

Attached is the Registrant's audited financial statement for the year ended December 31, 2012.

Fixed Income Clearing Corporation

Financial Statements for the
Years Ended December 31, 2012 and 2011, and
Independent Auditors' Report

FIXED INCOME CLEARING CORPORATION

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011:	
Statements of Financial Condition	2
Statements of Income	3
Statements of Changes in Shareholder's Equity	4
Statements of Cash Flows	5
Notes to Financial Statements	6–20

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholder of
Fixed Income Clearing Corporation

We have audited the accompanying financial statements of Fixed Income Clearing Corporation (the "Company"), which comprise the balance sheets as of December 31, 2012 and 2011, and the related statements of income, changes in shareholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fixed Income Clearing Corporation as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

February 28, 2013

FIXED INCOME CLEARING CORPORATION

STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31, 2012 AND 2011
(In thousands, except share data)

	2012	2011
ASSETS		
Cash and cash equivalents	$ 7,818,522	$ 8,264,254
Investments in marketable securities	215,956	254,072
Accounts receivable	12,313	12,135
Note receivable from DTCC	20,000	20,000
Clearing fund securities — at fair value	8,411,178	9,087,723
Fixed assets — less accumulated depreciation and amortization of $88,317 and $79,682 at December 31, 2012 and 2011, respectively	33,216	30,478
TOTAL ASSETS	$16,511,185	$17,668,662
LIABILITIES AND SHAREHOLDER'S EQUITY		
LIABILITIES:		
Accounts payable and other liabilities	$ 78,875	$ 248,126
Deferred income taxes — net	4,081	2,800
Clearing fund:		
Cash deposits	7,869,887	8,198,971
Securities deposits — at fair value	8,411,178	9,087,723
Total liabilities	16,364,021	17,537,620
COMMITMENTS AND CONTINGENT LIABILITIES (Note 9)		
SHAREHOLDER'S EQUITY:		
Common stock, $.50 par value: 105,000 shares authorized, 20,400 shares issued and outstanding	10	10
Paid in capital	26,617	26,617
Retained earnings	120,537	104,415
Total shareholder's equity	147,164	131,042
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	$16,511,185	$17,668,662

See notes to financial statements.

FIXED INCOME CLEARING CORPORATION

STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(In thousands)

	2012	2011
REVENUES:		
Revenue from clearing and other services	$ 172,579	$ 172,843
Interest income	11,452	7,051
Total revenues	184,031	179,894
Refunds to participants	(11,085)	(6,669)
Net revenues	172,946	173,225
EXPENSES:		
Employee compensation and related benefits	69,677	65,328
Information technology	14,971	11,707
Professional and other services	51,385	42,918
Occupancy	7,039	5,892
Other general and administrative	2,291	2,065
Total expenses	145,363	127,910
INCOME BEFORE PROVISION FOR INCOME TAXES	27,583	45,315
PROVISION FOR INCOME TAXES	11,461	17,680
NET INCOME	$ 16,122	$ 27,635

See notes to financial statements.

FIXED INCOME CLEARING CORPORATION

STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Dollars in thousands)

	Common Stock	Paid In Capital	Retained Earnings	Total Shareholder's Equity
BALANCE — December 31, 2010	$ 10	$ 10,394	$ 76,780	$ 87,184
Capital contribution from DTCC (Note 7)	-	16,223	-	16,223
Net income	-	-	27,635	27,635
BALANCE — December 31, 2011	10	26,617	104,415	131,042
Net income	-	-	16,122	16,122
BALANCE — December 31, 2012	$ 10	$ 26,617	$ 120,537	$ 147,164

See notes to financial statements.

FIXED INCOME CLEARING CORPORATION

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(In thousands)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 16,122	$ 27,635
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization of fixed assets	8,635	9,310
Net (discount accreted) premium amortized on investments in marketable securities	(65)	86
Deferred income taxes	1,281	10,584
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(178)	213
(Decrease) increase in accounts payable and other liabilities	(169,251)	185,846
(Decrease) increase in clearing fund cash deposits	(329,084)	571,343
Net cash (used in) provided by operating activities	(472,540)	805,017
CASH FLOWS FROM INVESTING ACTIVITIES:		
Maturities of investments in marketable securities	453,000	441,000
Purchases of investments in marketable securities	(414,819)	(453,126)
Purchases of fixed assets	(11,373)	(18,320)
Net cash provided by (used in) investing activities	26,808	(30,446)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of note- from DTCC	-	(20,000)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(445,732)	754,571
CASH AND CASH EQUIVALENTS — Beginning of year	8,264,254	7,509,683
CASH AND CASH EQUIVALENTS — End of year	$7,818,522	$8,264,254
SUPPLEMENTAL DISCLOSURES:		
Non-cash financing activity — capital contribution — forgiveness of payable to DTCC	$ -	$ 16,223
Income taxes paid to DTCC — net of refunds	$ 4,750	$ 10,202

See notes to financial statements.

1. BUSINESS AND OWNERSHIP

Fixed Income Clearing Corporation (FICC or the Company), a clearing agency registered with the U.S. Securities and Exchange Commission (SEC), provides various services to members of the government and mortgage-backed securities markets (participants), consisting principally of automated real-time trade comparison, netting, settlement, trade confirmation, risk management and electronic pool notification. FICC has two Divisions, the Government Securities Division (GSD) and the Mortgage-Backed-Securities (MBSD) Division.

FICC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). Other subsidiaries of DTCC include The Depository Trust Company (DTC), National Securities Clearing Corporation (NSCC), DTCC Deriv/SERV LLC, DTCC Solutions LLC, European Central Counterparty Limited (EuroCCP), DTCC Solutions Worldwide Limited, and AVOX Limited.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation — The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the U.S.

Cash and Cash Equivalents — The Company classifies investments as cash equivalents if the original maturity of an investment is three months or less. Cash equivalents consist primarily of reverse repurchase agreements, commercial paper, interest-bearing deposits and money market funds.

Reverse repurchase agreements provide for FICC's delivery of cash in exchange for securities having a fair value of at least 102% of the amount of the agreement. Custodians designated by FICC, that are participants, take possession of the securities. Overnight reverse repurchase agreements are recorded at the contract amounts, which approximate fair value, and totaled $2,576,278,000 and $2,833,352,000 at December 31, 2012 and 2011, respectively at GSD and $1,830,347,000 and $1,951,648,000 at December 31, 2012 and 2011, respectively at MBSD. At December 31, 2012, seven financial institutions, that are also participants, were counterparties to these agreements. There were six counterparties as of December 31, 2011, that were all participants.

Overnight investments in commercial paper totaling $306,517,000 and $831,549,000 at December 31, 2012 and 201, at GSD and $274,393,000 and $643,239,000 at December 31, 2012 and 2011, respectively at MBSD. The issuer of the commercial paper for both 2012 and 2011 was a U.S. bank holding company, which is also a participant.

Overnight investments in money market mutual funds totaled $1,130,000,000 and 950,000,000 at December 31, 2012 and 2011, respectively at GSD and $950,000,000 and $300,000,000 at December 31, 2012 and 2011, respectively at MSBD. At December 31, 2012, the money market balance was with four participants. As of December 31, 2011 the balance was with three participants.

Interest-bearing deposits totaling $250,000,000 and $0 at December 31, 2012 and 2011, respectively at GSD and $500,000,000 and $750,134,000 at December 31, 2012 and 2011, respectively at MSBD. At December 31, 2012 and 2011, interest-bearing deposits balance was with two participants.

Participant deposits to the Clearing Fund, which may be applied to satisfy obligations of the depositing participant, other participant or FICC as provided in FICC Rules, are included in cash and cash equivalents. See Note 4 "Clearing Fund."

Investments in Marketable Securities — The Company's investments consist principally of U.S. Treasury securities and investment-grade corporate notes. The maturity of marketable securities is typically 12 months or less. All of the marketable securities are classified as held to maturity and are recorded at amortized cost. The Company intends and has the ability to hold all held-to-maturity securities to maturity. The Company does not intend to reclassify any amount of held-to-maturity investments to available-for-sale or trading investments. The realized gains or losses for held-to-maturity securities are included in interest income in the statements of income.

The Company performs a periodic review of its investment portfolio for impairment. A debt security is considered impaired if its fair value is less than its carrying value. The decline in fair value is determined to be other-than-temporary impairment if (a) the Company has the intent to sell the impaired debt security or (b) it is more likely than not the Company will be required to sell the security before the recovery of the amortized cost. Additionally, regardless of whether there is intention to sell or requirement to sell, if the Company does not expect to recover the entire amortized cost basis, the impaired debt security is considered an other-than-temporary impairment. The Company does not intend to sell those securities and it is not more likely than not that the Company will have to sell. The Company did not recognize any other-than-temporary impairment for the years ended December 2012 and 2011.

The contractual maturities, carrying value and fair value of these securities at December 31, 2012 and 2011, are as follows (dollars in thousands):

	Carrying Value				Fair Value			
2012	**U.S. Treasury Notes**	**Corporate Notes**	**U.S. Treasury Bills**	**Total**	**U.S. Treasury Notes**	**Corporate Notes**	**U.S. Treasury Bills**	**Total**
Due in one year or less	$15,014	$1,001	$199,941	$215,956	$15,018	$1,009	$199,880	$215,907
2011								
Due in one year or less	$53,100	$ -	$199,968	$253,068	$53,124	$ -	$199,959	$253,083
Due in two years	-	1,004	-	1,004	-	1,052	-	1,052
Total 2011	$53,100	$1,004	$199,968	$254,072	$53,124	$1,052	$199,959	$254,135

Accounts Receivable — Accounts receivable are related to clearing and transaction fees due from participants. Accounts receivable are stated at cost, net of an allowance.

The Company establishes an allowance for doubtful accounts for accounts receivable to ensure the Company has not overstated receivable balances due to uncollectibility. The Company determines the need for an allowance based on a variety of factors, including the length of time receivables are past due, macroeconomic conditions, historical experience and the financial condition of customers, and other debtors. The Company may record a specific reserve for individual accounts receivable when the Company becomes aware of specific customer circumstances, such as in the case of bankruptcy filings or deterioration in the customer's operating results or financial position. There was no allowance for doubtful accounts as of December 31, 2012 and 2011.

Accounts receivable consist of the following at December 31, 2012 and 2011 (dollars in thousands):

	2012	2011
Due from the participants for services	$ 12,224	$ 12,005
Other	89	130
Total	$ 12,313	$ 12,135

Refunds to Participants — FICC invests available cash deposits of the Clearing Fund in overnight reverse repurchase agreements, money market mutual funds, commercial paper and interest bearing checking accounts. The earnings on these investments are included in interest income. The amounts are passed through to participants and are included in refunds to participants. Earnings passed through to participants were $11,085,000 and $6,669,000 in 2012 and 2011, respectively.

Income Taxes — Deferred tax assets and liabilities are reported in deferred income taxes, net, in the statements of financial condition and represent the expected future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities. Valuation allowances are recognized if, based on the weight of available evidence, it is more likely than not that some portion of the deferred tax asset will not be realized. It is the Company's policy to provide for uncertain tax positions and the related interest and penalties based upon management's assessment of whether a tax benefit is more likely than not to be sustained upon examination by the tax authorities.

Fixed Assets — Fixed assets consist of the following at December 31, 2012 and 2011 (dollars in thousands):

	2012			2011		
	Cost	Amortization and Depreciation	Net Book Value	Cost	Amortization and Depreciation	Net Book Value
Software	$ 92,404	$ 59,992	$ 32,412	$ 81,031	$ 51,463	$ 29,568
Furniture and equipment	26,622	26,622	-	26,622	26,622	-
Leasehold improvements	1,417	1,417	-	1,417	1,337	80
Buildings and improvements	915	286	629	915	260	655
Land	175	-	175	175	-	175
Total	$121,533	$ 88,317	$ 33,216	$110,160	$ 79,682	$ 30,478

These assets consist primarily of software, and computer equipment which is generally depreciated over estimated useful lives ranging from five to seven years, principally using accelerated double declining methods.

Internal and external costs incurred in developing or obtaining computer software for internal use are capitalized in accordance with generally accepted accounting principles and are amortized on a straight-line basis over the estimated useful life of the software, generally three years. General and administrative costs related to developing or obtaining such software are expensed as incurred.

Capitalized costs related to software that was either developed for internal use, or purchased, totaled $11,373,000 and $18,320,000 in 2012 and 2011, respectively. The amortization of capitalized and purchased software was $8,529,000 in 2012 and $9,169,000 in 2011. The depreciation of other fixed assets was $106,000 in 2012 and $141,000 in 2011. There were no disposals in 2012 or 2011.

Revenue Recognition — Revenue is generally recognized as services are rendered. Activities are captured daily and billed on a monthly basis. Interest income is recorded on an accrual basis.

Expense Allocations — Substantially all expenses are recorded at DTCC and are allocated to its subsidiaries including FICC, based upon their use of such goods or services as determined by applicable allocation factors, including headcount, square footage and utilization of technology resources. Accordingly, the expense classifications on the statements of income represents the allocated charges, including, depreciation and amortization, employee compensation and related benefits, information technology, occupancy, and other general and administrative expenses.

Estimates — The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. Management makes estimates regarding the collectability of receivables, the outcome of litigation, the realization of deferred taxes, the recognition of uncertain tax positions, fair value measurements, the impairment of goodwill and intangibles, and other matters that affect the reported amounts. Estimates, by their nature, are based on judgment and available information. Therefore, actual results could differ from those estimates.

Recent Accounting Pronouncements — *Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820, Fair Value Measurements and Disclosures* — In May 2011, the FASB issued Accounting Standards Update ("ASU") No. 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in generally accepted accounting principles and International Financial Reporting Standards. The amendments to ASC Topic 820 include guidance on the application of the highest and best use and valuation premise concepts (including an exception to the valuation premise for certain risks managed on a portfolio basis), the valuation of equity instruments, and the use of premiums and discounts representing adjustments for the size of an entity's holding of an asset or liability (specifically, blockage factors are not permitted). The amendments also include expanded disclosures, including disclosures around fair value measurements categorized within Level 3 of the fair value hierarchy, and disclosures when the entity's use of a nonfinancial asset differs from the highest and best use of that asset. The amendments in ASU No. 2011-04 are to be applied prospectively. The adoption of this guidance did not have an impact on FICC's financial condition, results of operations or cash flows. See Note 3 "Fair Value Measurement" for the disclosures.

ASC Topic 860, Transfers and Servicing — In April 2011, the FASB issued amended guidance under ASC Topic 860 in ASU No. 2011-03, *Reconsideration of Effective Control for Repurchase Agreements.* The amendments in ASU No. 2011-03 remove from the assessment of effective control the criterion requiring the transferor to have the ability to repurchase or redeem the financial assets on substantially the agreed terms, even in the event of default by the transferee, and the collateral maintenance implementation guidance related to that criterion. The new rules are effective prospectively for new transfers and exiting transactions for the period beginning on or after December 15, 2011. The adoption of this guidance did not have an impact on FICC's financial condition, results of operations or cash flows.

3. FAIR VALUE MEASUREMENT

The guidance related to "Fair Value Measurement" included in ASC 820 defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date and establishes a framework for measuring fair value. It establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date.

We have established processes for determining fair values. Fair Value is based upon quoted market prices in active markets, where available. Where quotes from recent exchange transactions are not

available, we determine fair value based on discounted cash flow analyses, comparison to similar instruments, and the use of financial models. Discounted cash flow analyses are dependent upon estimated future cash flows and level of interest rates. Model-based pricing uses inputs of observable prices, where available, interest rates, foreign exchange rates, option volatilities and other factors.

Valuation Hierarchy — ASC 820 established a three-level valuation hierarchy for disclosure of fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The asset or liability's fair value measurement level within the fair vale hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The three levels of the fair value hierarchy are described as follows:

Level 1 — Inputs to the valuation methodology are quoted prices for identical assets or liabilities in active markets as of the valuation date.

Level 2 — Inputs to the valuation methodology are other than quoted prices for similar assets and liabilities in active markets, which are either directly or indirectly observable as of the valuation date or can be derived principally from or corroborated by observable market data.

Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Assets and Liabilities Measured at Fair Value on a Recurring Basis — The following tables represent the financial instruments carried at fair value as of December 31, 2012 and 2011 by caption on the statements of financial condition and by ASC 820 valuation hierarchy (as described above).There were no transfers between Level 1 and Level 2 during 2012.

	As of December 31, 2012			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Clearing fund — U.S. government and federal agency securities	$ 6,645,261	$ 1,765,917	$ -	$ 8,411,178
Liabilities:				
Clearing fund — U.S. government and federal agency securities	6,645,261	1,765,917	-	8,411,178

	As of December 31, 2011			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Clearing fund — U.S. government and federal agency securities	$ 6,894,692	$ 2,193,031	$ -	$ 9,087,723
Liabilities:				
Clearing fund — U.S. government and federal agency securities	6,894,692	2,193,031	-	9,087,723

The following is a description of the valuation basis, including valuation techniques and inputs, used in measuring our financial assets and liabilities that are accounted for at fair value on a recurring basis:

U.S. Government and Federal Agency Securities

U.S. Treasury Securities — U.S. Treasury securities are measured based on quoted market prices and classified in Level 1 of the fair value hierarchy.

U.S. Agency Issued Debt Securities — U.S. agency issued debt securities are measured primarily based on quoted market prices obtained from external pricing services and are classified within Level 1 of the fair value hierarchy.

U.S. Agency Residential Mortgage-Backed Securities — Agency residential mortgage-backed securities include mortgage pass-through securities (fixed and adjustable rate), interest-only and principal-only securities and are generally measured using market price quotations from external pricing services and categorized within Level 2 of the fair value hierarchy.

Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis — There were no assets or liabilities measured at fair value on a non-recurring basis during the year ended December 31, 2012.

Financial Instruments not Measured at Fair Value — The table below presents the carrying value, fair value and fair value hierarchy level of certain financial instruments not measured at fair value in the consolidated statements of financial condition.

The carrying amounts of our financial instruments (i.e., monetary assets and liabilities) are determined under different accounting methods. The following disclosure discusses these instruments on a uniform fair value basis. However, active markets do not exist for a significant portion of these instruments. For financial instruments where quoted prices from identical assets and liabilities in active markets do not exist, we determine fair value based on discounted cash flow analyses and comparable pricing of similar instruments.

A summary of the practices used for determining fair value and the respective level in the valuation hierarchy for financial assets and liabilities not recorded at fair value is as follows:

Non-Interest-Bearing and Interest-Bearing-Deposits — Interest-bearing deposits are comprised of time deposits, commercial paper and money market funds. Except for time deposits, book value is considered to approximate fair value for these deposits due to their short duration to maturity or payable on demand feature. The fair value of interest-bearing time deposits is determined using discounted cash flow analysis. Inputs primarily consist of current LIBOR market rates and time to maturity. For all non-interest bearing deposits, book value is considered to approximate fair value as a result of the short duration of the deposit. Interest-bearing and noninterest-bearing deposits are classified as Level 2 within the valuation hierarchy.

Reverse Repurchase Agreements — The estimated fair value of reverse repurchase agreements is based on inputs such as interest rates and tenors. These agreements are classified as Level 1 within the valuation hierarchy due to their overnight nature.

Marketable Securities Held-to-Maturity — Marketable securities held-to-maturity are comprised of U.S Treasury securities, U.S Treasury Bills and Corporate Notes. Where quoted prices are available in an active market for identical assets and liabilities, we classify the securities as Level 1 within the valuation hierarchy. Level 1 includes U.S. Treasury securities and US Treasury Bills and Corporate Notes.

Other Financial Assets — Other financial assets include note receivable from DTCC, accrued interest and tax receivable. The note receivable from DTCC, accrued interest and tax receivable are generally short-term. As a result, carrying value is considered to approximate fair value. Note receivables accrued interest, and tax receivable are included as Level 2 within the valuation hierarchy.

Payables to Participants— The estimated fair value of payables to participants is approximate to carrying value due to its short term feature and is classified as Level 2 within the valuation hierarchy.

Clearing Fund— Cash Deposits— Clearing fund cash deposits by participants to the Clearing Fund represent cash received from participants based on calculated requirement determined by the Company and is classified as Level 1 within the valuation hierarchy (dollars in thousands).

	As of December 31, 2012					As of December 31, 2011	
	Carrying Amount	Total Fair Value	Level 1	Level 2	Level 3	Fair Value	Carrying Amount
Assets:							
Non-interest bearing and interest deposits	$3,411,897	$3,411,897	$ -	$3,411,897	$ -	$3,479,254	$3,479,254
Reverse repurchase agreements	4,406,625	4,406,625	4,406,625	-	-	4,785,000	4,785,000
Marketable securities held-to-maturity	215,956	215,907	215,907	-	-	254,135	254,072
Other financial assets	20,097	20,097	-	20,097	-	20,130	20,130
Total	$8,054,575	$8,054,526	$4,622,532	$3,431,994	$ -	$8,538,519	$8,538,456
Liabilities:							
Accounts payable and other liabilities	$ 78,051	$ 78,051	$ -	$ 78,051	$ -	$ 248,126	$ 248,126
Deferred income taxes, net	4,064	4,064	-	4,064	-	2,800	2,800
Clearing fund-cash deposits	7,869,887	7,869,887	7,869,887	-	-	8,198,971	8,198,971
Total	$7,952,002	$7,952,002	$7,869,887	$ 82,115	$ -	$8,449,897	$8,449,897

4. CLEARING FUND

FICC participants are required to maintain deposits based on calculated requirements as determined by the Company, which were $13,280,010,000 and $13,264,830,000 at December 31, 2012 and 2011, respectively. The deposits may be applied to satisfy obligations of the depositing participant, other participants or FICC as provided in FICC Rules. Clearing Fund cash is reflected in cash and cash equivalents and marketable securities, while securities are reflected in Clearing Fund securities on the statements of financial condition. A summary of the total deposits held at December 31, 2012 and 2011, including $3,001,055,000 and $4,021,864,000, respectively, in excess of calculated requirements follows (dollars in thousands):

	As of December 31, 2012		
	GS Division	MBS Division	Total
Cash	$4,195,624	$3,674,263	$ 7,869,887
U.S. treasury and agency securities, at fair value	4,676,035	3,735,143	8,411,178
Total deposits	$8,871,659	$7,409,406	$16,281,065

	As of December 31, 2011		
	GS Division	MBS Division	Total
Cash	$ 4,478,844	$3,720,127	$ 8,198,971
U.S. treasury and agency securities, at fair value	6,368,554	2,719,169	9,087,723
Total deposits	$10,847,398	$6,439,296	$17,286,694

5. TRANSACTIONS WITH RELATED PARTIES

FICC has an agreement with DTCC whereby DTCC pays for substantially all of the expenses for the operations of FICC. The related expenses are allocated to FICC based upon FICC's use of such goods or services. Further, the agreement provides that DTCC performs credit and quantitative risk services, and certain other services for FICC including administrative, internal audit, finance and legal services. In 2012 and 2011, the billing for these services was determined as 104% of total allocated expenses, excluding pass through charges and the impact of capitalized software. The fee, representing the amount over actual cost is included in professional, clearance and other services expense, was $5,092,000 in 2012 and $4,255,000 in 2011. At December 31, 2012 and 2011, amounts payable to DTCC included in accounts payable and other liabilities were $53,645,000 and $53,140,000, respectively.

Additionally, FICC entered into a promissory note on October 21, 2011 whereby FICC loaned DTCC $20,000,000 on an unsecured basis. The note had an original term of three months, and has since been extended. The next scheduled maturity date of the note is on April 29, 2013. DTCC is charged interest by FICC at the federal funds rate plus 30 basis points.

6. INCOME TAXES

FICC is included in DTCC's consolidated federal, combined New York State and New York City and unitary Massachusetts and Illinois tax returns. A separate company Florida return is also filed. The components of the Company's income tax provision (benefit) calculated on a separate company basis for the years ended December 31, 2012 and 2011 are as follows (dollars in thousands):

	2012	2011
Current income tax:		
Federal	$ 8,012	$ 10,829
State and local	2,168	5,424
Deferred income tax (benefit):		
Federal	415	2,983
State and local	866	(1,556)
Provision for income taxes	$ 11,461	$ 17,680

Pursuant to a tax sharing agreement between DTCC and FICC, the Company is liable for its allocable share of federal, state and local tax liabilities that are paid by DTCC. During 2012 and 2011, the Company paid income taxes to DTCC, net of refunds, of $4,750,000 and $10,202,000, respectively.

The 2012 and 2011 effective tax rate differs from the 35% federal statutory rate primarily due to state and local taxes, permanent differences between financial statement income and taxable income, and adjustments to deferred tax balances. Deferred tax balances include adjustments made to reflect estimated recoverable amounts in future years.

The components of deferred tax assets and (liabilities) at December 31, 2012 and 2011 are as follows (dollars in thousands):

	2012	2011
Employee benefit related	$ 9,094	$ 9,785
Depreciation and amortization	512	496
Capitalization of software developed for internal use	(13,862)	(13,081)
Other	175	-
Net deferred income tax liability	$ (4,081)	$ (2,800)

DTCC applies the provisions of FASB issued Financial Interpretation No. 48 (FIN 48) "Accounting for Uncertainty in Income Taxes," (codified primarily in FASB ASC Topic 740, Income Taxes) to record unrecognized tax benefits ("UTBs"). As of December 31, 2012 and 2011, UTBs totaled $1,974,000 and $2,072,000, respectively.

The Company classifies interest related to UTBs, and penalties, if incurred, in tax expense in its statements of income. As of December 31, 2012 and 2011, the amount of accrued interest recorded in the Company's statements of financial condition related to UTBs was $326,000 and $199,000, respectively.

The Company is subject to U.S. federal income tax as well as income tax in various state and local jurisdictions. DTCC's federal income tax returns for 2007 through 2009 are currently under examination and the federal income tax return for 2010 through 2011 remains subject to examination by the IRS. New York State income tax returns for 2000 through 2008 are currently under examination and for 2009 through 2011 remain open to examination. New York City income tax returns for 2009 through 2011 remain subject to examination.

For the current ongoing audit related to open tax years, the Company estimates it is possible the balance of UTBs could decrease in the next twelve months as a result of the effective settlement of this audit, which might involve the payment of additional taxes, the adjustment of certain deferred taxes and/or the recognition of tax benefits. It is also possible that new issues might be raised by tax authorities which might necessitate increases to the balance of UTBs. As the Company is unable to predict the timing of conclusion of this audit, the Company is unable to estimate the amount of changes to the balance of UTBs at this time. However, the Company believes it has adequately provided for its financial exposure for all open tax years by tax jurisdiction.

7. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

Eligible employees participate in DTCC's trusteed non-contributory defined benefit pension plan, supplemental executive retirement plan and benefit restoration plan, which provide for certain benefits upon retirement. Eligible employees also participate in DTCC's life insurance program, which provides for the payment of death benefits to beneficiaries of eligible retired employees, and DTCC's healthcare program, which provides benefits to eligible retired employees.

DTCC allocates the cost of these plans to participating subsidiaries based primarily upon the proportion of each subsidiary's allocated salary cost to the aggregate salary cost of DTCC and its subsidiaries. The benefit plan cost allocated to FICC is $3,997,000 in 2012 and $5,786,000 in 2011. These costs are included in employee compensation and related benefits in the statements of income.

In 2011, DTCC changed its methodology for allocating costs of the benefit plans for 2011 and prospectively. In connection with this change, DTCC forgave the participating subsidiaries' payables to DTCC relating to the funded status of the plans, net of the deferred tax component. These amounts were reflected as a capital contribution of $16,223,000 on the statements of changes in shareholder's equity and a reduction of $28,169,000 in accounts payable and other liabilities, along with a credit of $11,946,000 to deferred taxes, net on the statements of financial condition.

On February 15, 2012, the DTCC Board of Directors approved changes to amend the DTCC benefit plans, in which the Company participates, to freeze the benefit for certain participants effective December 31, 2013. After the plan freeze, certain plan participants will no longer accrue any benefits under the plans.

8. SHAREHOLDERS' EQUITY

Retained earnings represent an amount available for the satisfaction of losses arising out of the clearance and settlement of transactions, should they arise (see Note 10 "Guarantees").

9. COMMITMENTS AND CONTINGENT LIABILITIES

The Company was involved in legal proceedings and litigation arising in the ordinary course of business. In the opinion of management, the outcome of such proceedings and litigation is not expected to have a material effect on the Company's financial position, operations, or cash flows.

10. GUARANTEES

FICC provides central counterparty (CCP) services, including clearing, settlement, and risk management services. Acting as a CCP, it guarantees the settlement of trades in the event that a participant defaults. A participant default is defined in FICC's rules. In its guarantor role, FICC has equal claims to and from participants on opposite sides of netted transactions. To cover its guarantee risk, FICC uses risk-based margining to collect cash and securities collateral ("Clearing Fund").

FICC, through its Government Securities Division (GSD), is the leading provider of real-time trade matching, clearing, netting, risk management and settlement for trades in U.S. government debt, including repurchase agreements. Securities processed by GSD include Treasury bills, bonds, notes, zero-coupon securities, government agency securities, and inflation-indexed securities. The U.S. government securities market is predominantly an over-the-counter market and most transactions are settled on a T+1 basis. Trades are guaranteed upon comparison. GSD's netting system interposes FICC as settlement counterparty between GSD participants for eligible trades that have been netted. The guarantee of net settlement positions by FICC results in a potential liability to FICC. Guaranteed positions that have not yet settled are marked to market daily and are debited from or credited to the responsible participants through the funds-only settlement process. At December 31, 2012, the amount of guaranteed positions due from netting GSD participants to FICC approximated $721,787,376,000 There is an equal amount due to certain other GSD participants from FICC after consideration of deliveries pending to FICC. The comparable amount at December 31, 2011, was $790,507,358,000. There were no defaults by participants to these obligations.

MBSD's approval as central counterparty and pool netting system were implemented opening of business on April 2, 2012. This implementation positioned MBSD to begin to guarantee settlement. The pool netting system interposes FICC between MBSD participants for eligible trades that have been pool netted. The guarantee of settlement for pool netting eligible trades as well as TBA trades by FICC results in potential liability to FICC. Guaranteed positions that have not yet settled are margined,

marked-to-market daily and collateralized via the member's Clearing Fund. At December 31, 2011, MBSD had yet to act as central counterparty, implement pool netting or provide a guarantee of settlement, therefore eliminating any potential liability to FICC.

At December 31, 2012, the gross amount of guaranteed positions by MBSD which were scheduled to settle on or before January 2, 2013, approximated $35,042,049,084 and the amount scheduled to settle after January 2, 2013 approximated $3,535,227,392,354. There were no defaults by participants to these obligations.

If an FICC participant defaults, such participant's deposits to the applicable Division's Clearing Fund would be used/liquidated to satisfy an outstanding obligation and/or loss. If those funds are insufficient to cover the liquidation of the defaulting participant's outstanding obligations to FICC, FICC would then use any funds available from its multilateral netting contract and limited cross-guaranty agreement with DTC, NSCC and The OCC under which these clearing agencies have agreed to make payments to each other for any remaining unsatisfied obligations of a common defaulting participant to the extent that these clearing agencies have excess resources belonging to the defaulting participant.

In addition, FICC has entered into separate and distinct cross-margining agreements; one is with New York Portfolio Clearing, LLC (NYPC), and the other is with the Chicago Mercantile Exchange Inc. (CME). Under each of these respective agreements, FICC and NYPC, and separately, FICC and CME would apply available amounts to each other under specified circumstances.

In the event that a deficiency still exists, FICC would satisfy the deficiency by utilizing up to 25% of its retained earnings, or such greater amount of retained earnings to be determined by the Board of Directors. If a loss still remains, the Division will divide the loss between "Tier 1" participants and "Tier 2" participants. Tier 2 participants (currently registered investment companies) will only be subject to loss to the extent they traded with the defaulting participant, due to regulatory requirements applicable to them. Tier 1 participants will be allocated the loss applicable to them first by assessing the required Clearing Fund deposit of each such participant in the amount of up to $50,000, equally. If a loss remains, Tier 1 participants will be assessed ratably, in accordance with the respective amounts of their required Clearing Fund deposit over the prior twelve months. Participants in the GSD who act as inter-dealer brokers are limited to a loss allocation of $5 million per event in respect of their inter-dealer broker activity.

11. OFF-BALANCE-SHEET RISK AND CONCENTRATIONS OF CREDIT RISK

Credit risk represents the potential for loss due to the default or deterioration in credit quality of a counterparty or an issuer of securities or other instruments held by the Company. The Company's exposure to credit risk comes primarily from clearing and settlement service operations. Credit risk also comes from financial assets, which consist principally of cash and cash equivalents, investments, accounts receivable, and Clearing Fund.

Concentrations of credit risk may arise through having large connected individual exposures and significant exposures to groups of counterparties whose likelihood of default is driven by common underlying factors, including economic conditions affecting the securities industry and debt issuing countries.

Given that FICC is a central counterparty, it is exposed to significant credit risk of third parties, including its customer base, which extends to companies within the global financial services industry. Customers are based in the United States and overseas and include participating brokers, dealers,

institutional investors, banks, and other financial intermediaries — either directly or through correspondent relationships.

Cash and Cash Equivalents — The Company maintains cash and cash equivalents with various financial institutions. These financial institutions are located in different geographical regions, and the Company's policy is designed to limit exposure with any one institution. As part of its cash and risk management processes, the Company performs periodic evaluations of the relative credit standing of the financial institutions. The Company only makes deposits with banks and financial institutions with a credit rating of at least A- or better from Standard & Poors and Fitch, or A3 or better from Moody's. The Company also monitors the financial condition of the financial institutions on an ongoing basis to identify any significant change in a financial institution's financial condition. If such a change takes place, the amounts deposited in such financial institutions are adjusted.

When participants provide cash deposits to the Clearing Fund, the Company may invest the cash in overnight reverse repurchase agreements (reverse repos). The Company bears credit risk related to overnight reverse repurchase agreements only to the extent that cash advanced to the counterparty exceeds the value of collateral received. Securities purchased under overnight reverse repos are generally composed of U.S. Treasury and Agency securities and, therefore, have minimal credit risk due to low probability of U.S. government default and the highly liquid nature of these securities. Reverse repo investments are secured; collateral must have a market value greater than or equal to 102% of the cash invested. Additionally, overnight reverse repo investments are only placed with financial institutions with a credit rating of A- or better from Standard & Poors and Fitch, or A3 or better from Moody's. To avoid concentration of credit risk exposures, the Company sets credit limits for each counterparty.

The Participants cash may also be invested in money market mutual funds under Rule 2a-7 of the Investment Company Act of 1940 with a credit rating of AAA from Standard & Poors and Fitch, and A3 from Moody's. Since the Company only invests in highly rated money market mutual funds and the cash is returned each morning, the Company has minimal credit risk related to overnight money market mutual funds.

Marketable Securities — In addition to making investments in overnight reverse repos and money market funds, the Company also makes direct investments in U.S. Treasury securities. Credit risk related to marketable securities involves the risk of nonperformance by the counterparty, which could result in a material loss. To mitigate the risk of credit loss, the Company only makes investments in debt obligations of the U.S. government or those U.S. government agencies guaranteed by the U.S. government.

Accounts Receivable — Credit risk related to accounts receivable involves the risk of nonpayment by the counterparty. Credit risk is diversified due to the large number of participants comprising the Company's customer base. The Company also performs ongoing credit evaluations of the financial conditions of its customers and evaluates the delinquency status of the receivables.

Clearing Fund — FICC is exposed to credit risk on a daily basis. This risk arises at FICC as it guarantees certain obligations of its participants under specified circumstances. The Company provides risk management/mitigation by identifying, measuring and responding to these risks in order to protect the safety and soundness of the FICC settlement system. Various tools are utilized to mitigate these risks including, but not limited to, setting capital adequacy standards, assessing new applicants, performing continuous monitoring of Participants' financial condition, reviewing participants' daily trading activity and determining appropriate collateral requirements, maintaining the Clearing Fund, netting, marking

unsettled trades to market, and utilizing a variety of advanced quantitative analytical methodologies, such as back and stress testing.

In order to become a participating member at FICC, an applicant must meet minimum eligibility criteria (which are specified in the FICC's rules). All applicants to be FICC participants must provide FICC with certain financial and operational information. This information is reviewed to ensure that the applicant has sufficient financial ability to make anticipated contributions to the Clearing Fund and to meet obligations to FICC. The credit quality of the participant is evaluated at the time of application and monitored on an ongoing basis to determine if the participant continues to be financially stable and continues to meet the financial requirements of membership. As part of its review, the Company utilizes an internal credit risk rating matrix to risk rate its bank and broker participants. The resulting rating determines the level of financial review that will be performed on each participant and may impact its the Clearing Fund requirements.

FICC collects Clearing Fund deposits from its Participants using a risk-based margin methodology. The risk-based methodology enables them to identify the risks posed by a participant's unsettled portfolio and to quickly adjust and collect additional deposits as needed to cover those risks. At multiple times during the day, Clearing Fund requirements are calculated for each participant based on their then-current unsettled and pending transactions. Security pricing is updated on an intraday basis and additional charges may be collected to cover significant price movements from those participants with a significant exposure in the identified security. The Company monitors participants overall trading activities throughout the trading day to determine whether exposures are building up that would require special actions to increase their Clearing Fund deposits.

The Company regularly performs back and stress testing of the quality and accuracy of its risk management systems to ensure the adequacy of Clearing Fund requirements and to respond to other risk factors the tests may reveal.

The Company also limits its exposure to potential losses from default by participants through its multilateral netting contract and limited cross-guaranty agreement with DTC, NSCC and The OCC. This arrangement is designed to provide a mechanism for the sharing of excess net collateral resources of a common defaulting participant held at one clearing agency to cover losses incurred at another.

FICC, through its GSD, has a cross-margin agreement with the Chicago Mercantile Exchange designed to provide margin reduction benefits to certain "cross-margining" participants and their affiliates. FICC, through its GSD, has also entered into a "one-pot" cross-margining arrangement with NYPC. The arrangement allows certain GSD participants to combine their positions at the GSD with their positions (or those of certain permitted affiliates) cleared at NYPC within a single margin portfolio.

12. OTHER MATTERS

Impact from Superstorm Sandy — During the last quarter of 2012, the company's operations were significantly impacted by Superstorm Sandy ("Sandy"). The floodwaters that engulfed the lobby and underground floors of its corporate headquarters at 55 Water Street in Lower Manhattan forced a lengthy closure of that building, displacing some 2,300 employees along with the Company's operations from the site. Accordingly, the company's financial position, results of operations and cash flows were affected, as summarized below.

As of December 31, 2012, the Company recognized approximately $1,100,000 Sandy related expenses offset by a $300,000 rent credit received from landlord due to loss of access to the building. DTCC maintains a property insurance policy that has separate sub-limits that apply to various types of damage, such as business interruption (lost profits), extra expenses (expenses incurred to keep normal business

operations running), debris removal, etc., and also to specific types of damage incurred from catastrophic natural disasters such as hurricanes, earthquakes and floods. The Company is unable to currently estimate the amount of any recovery or the period in which a claim related to property, business interruption and losses arising from damage or destruction of securities will be resolved. Accordingly, no such amounts have been recognized by the company in the accompanying financial statements.

Lehman Brothers Inc. and MF Global Inc. — On September 19, 2008, a Trustee was appointed, under the Securities Investor Protection Act ("SIPA"), to administer and liquidate the business of Lehman Brothers Inc. ("LBI"). As part of the liquidation of LBI, certain of its assets were sold to Barclays Capital Inc. ("Barclays"), which assets did not, however, include the accounts that LBI maintained at National Securities Clearing Corporation ("NSCC"), Fixed Income Clearing Corporation ("FICC") and The Depository Trust Company ("DTC").

As a result, the Trustee, Barclays and DTCC, on behalf and for the benefit of NSCC, FICC and DTC (collectively, the "Clearing Agency Subsidiaries") entered into an agreement that provided for the Clearing Agency Subsidiaries to wind down their respective LBI accounts, including the close out of pending transactions and the use of the proceeds in accordance with their respective rules and procedures, in the same manner in which they close out positions of participants for whom they cease to act. On September 24, 2008, the Clearing Agency Subsidiaries formally ceased to act for LBI.

In addition, Barclays agreed to guaranty, indemnify and hold harmless DTCC, each of NSCC, FICC and DTC, and their officers, directors, employees, owners, agents and representatives against any and all losses, claims, damages, expenses (including legal fees) or liabilities that any of them may incur as a result of winding down and closing out the respective accounts, which guaranty is limited to a $250,000,000 cash deposit (the "Cash Deposit") it provided for that purpose.

Any losses will first be satisfied from the Cash Deposit. If there are losses in excess of the Cash Deposit, they will be satisfied in accordance with the rules and procedures of NSCC, FICC and DTC, respectively (including through application of LBI's Clearing or Participant Fund deposits and any Clearing Agency cross guaranty agreements). If any portion of such funds remains after the close out of the LBI Accounts and satisfaction of all obligations of NSCC, FICC, and DTC, they will be remitted to the Trustee.

The Cash Deposit is held at DTCC to facilitate its investment pending application against losses or its turnover to the Trustee.

With respect to Lehman Brothers Inc., at December 31, 2012, DTCC and its subsidiaries held funds in the aggregate amount of $63,333,000, including the balances of the Barclays' Cash Deposit, Clearing and Participant Funds and matured money market instrument (MMI) accounts. As of December 31, 2011, DTCC and its subsidiaries held aggregate funds of $93,360,000, including the balances of the Barclays' Cash Deposit, Clearing and Participant Fund balances and matured money market instrument (MMI) accounts. As of December 31, 2012, DTCC had delivered to the Trustee of the LBI estate $5,125,811,000 in cash and Clearing Fund securities valued at $159,479,000, attributable to the LBI estate. As of December 31, 2011, DTCC had delivered to the Trustee of the LBI estate $5,095,811,000 in cash and Clearing Fund securities valued at $159,479,000, attributable to the LBI estate.

On October 31, 2011, a Trustee was appointed, under the SIPA, to administer and liquidate the business of MF Global Inc. ("MFG"). As part of the liquidation of MFG, any losses will first be satisfied in accordance with the rules and procedures of NSCC, FICC and DTC, respectively (including through application of MFG's Clearing or Participant Fund deposits and any Clearing Agency cross guaranty

agreements). If any portion of such funds remains after the close out of the MFG Accounts and satisfaction of all obligations of NSCC, FICC and DTC they will be remitted to the Trustee.

With respect to MF Global Inc., at December 31, 2012, DTCC and its subsidiaries held funds in the aggregate amount of $27,869,000 in cash. At December 31, 2011, DTCC and its subsidiaries held funds in the aggregate amount of $255,454,000, including Clearing and Participant Funds and matured MMI accounts. As of December 31, 2012 and 2011, DTCC had delivered cash to the Trustee of the MFG estate $227,287,000 and $10,700,000, respectively, attributable to the MFG estate.

Management does not expect that there will be any losses attributable to the liquidation of the LBI or MFG accounts to be assessed against retained earnings or participants.

Severance — At December31, 2012, FICC incurred severance expenses totaling $2,144,000 that are included in employee compensation and related benefits. In 2011, there was a similar expense of $590,000.

13. SUBSEQUENT EVENTS

The Company evaluated events and transactions occurring after December 31, 2012 through February 28, 2013 for potential recognition or disclosure in these financial statements. No events or transactions occurred during such period that would require recognition or disclosure in these financial statements.

* * * * * *

EXHIBIT I (ITEM 18)

Attach as Exhibit I the addresses of all offices in which clearing agency activities are performed by registrant, or for registrant by any person listed in response to item 4, and identify the nature of the clearing activities performed in each office listed.

Set forth below are the addresses of all offices in which clearing agency activities are performed by or for Registrant by the persons listed in response to Item 4. Also included is the nature of the clearing activities performed in each office listed.

Corporate Office:

Fixed Income Clearing Corporation
55 Water Street
New York, New York 10041-0082

Newport Business Center:

Clearing activities performed in the Newport Business Center relate to product management, risk management, finance and the operations aspect of the Registrant's activities. The address is as follows:

Newport Office Center,
570 Washington Blvd,
Jersey City, NJ 07310

Southern Business Center:

Clearing activities performed in the Southern Business Center relate to the operations aspect of the Registrant's activities. The address is as follows:

18301 Bermuda Green Drive
Tampa, FL 33647

London Office

Clearing activities performed in the London Office relate to risk management aspects of the Registrant's activities. The address is as follows:

Broadgate West
One Snowden Street, Floor 7
London, EC2A 2D
UK