

part of eex group



Risk Committee

## Terms of Reference

Valid from: 31<sup>st</sup> August 2021

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# 1 Purpose and Mandate of the ECC Risk Committee

- (1) European Commodity Clearing AG (ECC) establishes a Risk Committee that is responsible for advising ECC's Management Board on ECC's overall current and future risk tolerance and strategy. The Risk Committee acts as an advisory body to ECC's Management Board. The Risk Committee shall also take into consideration the commercial implications of its decisions and recommendations.
- (2) The advice of the Risk Committee shall be independent from any direct influence by the management of ECC. The Risk Committee shall advise the Management Board on any arrangements that may impact the risk management of the ECC. These are:
  - a. significant changes in its risk model and the assumptions used therein
  - b. the default policy and procedures
  - c. criteria for accepting clearing members
  - d. clearing of new markets
  - e. clearing of new classes of instruments
  - f. outsourcing of functions.
- (3) Reasonable efforts shall be made to consult the Risk Committee on developments impacting the risk management of ECC in emergency situations, however, in that situation ECC's Management Board might act without prior approval of the Risk Committee. In such case ECC's Management Board will inform the Risk Committee in a timely manner.
- (4) The advice of the Risk Committee is not required for the daily operations of ECC.
- (5) ECC's management shall inform competent authorities and the ECC Supervisory Board in writing if it decides not to follow decisions of the Risk Committee.

## 2 Composition

- (1) The Risk Committee is composed of representatives out of the group of its clearing members, the members of the supervisory board (independent board members) and the representatives of its clients. None of the groups of representatives shall have a majority in the Risk Committee. Representatives of clearing members and clients shall nominate a fixed delegate and additionally a deputy delegate.
- (2) The Risk Committee may invite employees of ECC and external independent experts to attend Risk Committee meetings in a non-voting capacity. The competent authorities have the right to request to attend Risk Committee meetings in a non-voting capacity. ECC's Chief Risk Officer or the EMIR Risk Officer shall attend the Risk Committee in a non-voting capacity. Members of the Risk Committee shall have sufficient knowledge of the clearing business and shall be of sufficiently good personal reputation. In particular the following criteria may verify sufficient knowledge of the clearing business:
  - a) holding a senior position in the daily risk management or risk controlling;
  - b) having gained relevant experience in risk management or risk controlling, e.g. by holding senior positions in risk management or risk controlling in the past; or
  - c) by having relevant knowledge due to a higher academic degree in a relevant field or work as an Executive in the Financial Industry
- (3) Risk Committee members and the Risk Committee Chairman shall be appointed for a period of up to two years by the Management Board on recommendation of the Chief Risk Officer of ECC.
- (4) Except as limited by law or regulation the Risk Committee may form subcommittees for any purpose that it deems appropriate and may delegate to such subcommittees or to members of ECC's management such power and authority as it deems appropriate, provided, however, that any such subcommittees shall meet all applicable independence requirements and that the Risk Committee shall not delegate to persons other than independent directors any functions that are required to be performed by independent directors.

### 3 Governance and Meetings of the ECC Risk Committee

- (1) The Risk Committee meets as frequently as it deems necessary but at least 4 times a year. A meeting may be called by any of the Risk Committee's members and shall be organized by the chairman.
- (2) In case that the Risk Committee is requested to decide on specific matters all documents on those matters have to be sent to the risk committee at least 10 working days before the day of the decision. In urgent cases the chairman may convene a meeting on a shorter notice period. The Risk Committee shall have the right to request information and documents necessary for its tasks from ECC's Management Board.
- (3) Decisions can be made only with at least 50% of the voting rights being present. Each member of the Risk Committee shall have one voting right. Decisions are taken with simple majority of the valid votes. In case of a draw the chairman shall have an additional voting right. Should in such case the chairman abstain from a vote the decision is dismissed. Absent members may take part in votes of the Risk Committee by having a written vote submitted by other Risk Committee members. Where the chairman of the Risk Committee determines that a member has an actual or potential conflict of interest on a particular matter, that member shall not be allowed to vote on that matter. Members shall report potential conflicts of interest to the chairman.
- (4) The representatives delegates or deputy delegates have to attend at least two meetings in any one year, otherwise the respective representative may be removed from the Risk Committee.
- (5) Minutes of its meetings will be approved by the Risk Committee and maintained on behalf of the Risk Committee. The Risk Committee shall report its activities to the Management Board on a regular basis and make such recommendations as it deems necessary or appropriate.

## 4 Miscellaneous

- (1) Without prejudice to the right of competent authorities to be duly informed, the members of the Risk Committee shall be bound by confidentiality. This confidentiality does not end with the cessation of a membership in the Risk Committee.
- (2) The Management Board of ECC might amend this document from time to time on recommendation by the Chief Risk Officer.
- (3) These Terms of Reference will be published on ECC's website.