

VIA CFTC PORTAL

Mr. Christopher J. Kirkpatrick
Secretary
Commodity Futures Trading Commission
1155 21st Street NW
Three Lafayette Centre
Washington, DC 20581

August 18, 2020

LCH Limited Self-Certification: Governance Arrangements

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commission (“CFTC”) regulation §40.6(a), LCH Limited (“LCH Limited”), a derivatives clearing organization registered with the CFTC, is submitting for self-certification changes to its rules relating to its governance documents (“Governance Documents”) including: (i) the Articles of Association; (ii) the Board Reserved Matters of the Board of Directors (“Board”); and (iii) the Terms of Reference (“ToR”) of the current committees of the Board (including the ToR of the Technology, Security and Resilience Committee which have not previously been certified to the CFTC). The changes will also establish ToR of a Nomination Committee for LCH Limited.

Part I: Explanation and Analysis

LCH Limited is a wholly-owned subsidiary of LCH Group Holdings Limited (“LCH Group”).¹ LCH Group is indirectly majority-owned by London Stock Exchange Group PLC (“LSEG”). In connection with its purchase of approximately 58 percent of LCH Group² in 2013, LSEG entered into a Relationship Agreement with LCH Group for the purpose of: (i) assuring certain protections for minority LCH Group shareholders; (ii) providing for representation of stakeholders in the central counterparties (“CCPs”) that comprise LCH Group, *i.e.*, the clearing members of each CCP and the exchanges whose transactions were cleared through LCH SA or LCH Limited; and (iii) recognizing LSEG’s requirements as majority shareholder for appropriate controls over LCH Group.³

To this end, among other provisions, the Relationship Agreement: (i) set out certain Core Operating Principles to be applied in managing the business of LCH Group; (ii) provided that the Board of Directors of LCH Group and each CCP would be comprised of a prescribed mix of independent

¹ LCH Group is also the parent of LCH SA, which is also registered with CFTC as a DCO.

² LCH Group was then known as LCH.Clearnet Group Limited.

³ As appropriate, provisions of the Relationship Agreement were reflected in the LCH Group Articles of Association.

non-executive directors, executive directors, User Directors,⁴ exchange (“Venues”) Directors⁵ and LSEG representatives; (iii) provided that LCH Group would have a separate Audit Committee and Remuneration Committee independent of the parallel committees at each CCP; and (iv) provided for a Nomination Committee, which would be responsible for nominating independent non-executive directors, User Directors and Venue Directors of the Board of Directors and committee members at LCH Group and each CCP. The Relationship Agreement also contained customary consent rights for LSEG as a majority shareholder.

LCH Group has determined to simplify its governing arrangements and to eliminate provisions in LCH Group’s governance documents that are unnecessary and outdated. In this regard, LCH Group and LSEG have decided to terminate the Relationship Agreement and to remove duplication in board decision-making between LCH Group and the CCP Boards by making the LCH Group Board an internal only board, *i.e.*, comprised only of representatives of LSEG and LCH Group, and disbanding the LCH Group Board Committees.⁶

LCH Limited is amending its Governance Documents to conform LCH Limited’s governance arrangements to actions taken by LCH Group. These changes will allow the LCH Group as a whole to operate more efficiently and effectively. Importantly, although LCH Limited’s Governance Documents have been revised to reflect the changes to the LCH Group’s governing arrangements, in practice, these revisions will not result in any substantive changes in LCH Limited’s current governance. The proposed changes were approved by the LCH Limited Board of Directors on 23 June 2020.

Part II: Description of Rule Changes

Articles of Association

The Articles of Association (“Articles”) have been revised primarily to remove (i) those definitions and provisions of the Articles that arise from the Relationship Agreement, including for example, the requirement that LCH Limited must be managed in a manner consistent with the Core Operating Principles, and (ii) certain other provisions that are no longer relevant.

The Articles further provide that the composition of the LCH Limited Board will be governed by the Articles. In particular, the Articles provide that the composition of the Board will be essentially as it is today, with one additional User Director.⁷ With the exception of Executive Directors, future

⁴ A User Director is an individual who is associated with or connected to a clearing member that is also a shareholder of LCH Group.

⁵ A Venue Director is an individual who is nominated by a Venue that is also a shareholder of LCH Group.

⁶ The Relationship Agreement is no longer necessary because certain contractual provisions are provided for in law or regulation and other provisions are historic and no longer relevant. Importantly, as explained below, certain protections consistent with LSEG’s existing rights under the Relationship Agreement are incorporated into the revised LCH Limited Articles of Association and Board Reserved Matters. Such protections include but are not limited to certain consent rights and the right to have a representative on the Board of Directors of LCH Limited, as well as the several committees of LCH Limited.

⁷ Specifically, the Board will be composed of the following: (i) an independent non-executive chairman; (ii) the LCH Limited Chief Executive Officer (“CEO”); the LCH Group CEO; an additional executive of LCH Limited or LCH Group, LCH | Aldgate House | 33 Aldgate High Street | London EC3N 1EA | T: +44 (0)20 7426 7000 | F: +44 (0)20 7426 7001 | lch.com

appointments to the Board will be made by the LCH Limited Board following the recommendation of candidates by the Nomination Committee in accordance with the ToR of the Nomination Committee. The Executive Directors will be the CEO of LCH Limited, the CEO of LCH Group and a third executive who may be, but will not be limited to, the chief risk officer of LCH Group.

Board Reserved Matters

The Board Reserved Matters have been amended to incorporate certain safeguards broadly consistent with LSEG's rights under the Relationship Agreement. For example, LSEG's consent will be required for: (i) approval of LCH Limited's annual budget and any material changes thereto; (ii) matters which constitute a material increase in the risk profile of the investment policy or capital management policy, or changes to the liquidity policy which result in a material decrease in liquidity resources; (iii) information technology investments in an amount greater than EUR three million; (iv) settlement of litigation which involves a payment in an amount greater than EUR two million; (v) approval of matters which constitute Listing Rule 10/11 transactions for LSEG;⁸ (vi) approval of changes to the structure, size and composition of LCH Limited's Board; and (vii) amendment of Board Reserved Matters and committee ToRs, to the extent that LSEG has rights thereunder. In addition, certain matters will require consultation with LCH Group, including material acquisitions and disposals, joint ventures, and ceasing all or a material part of LCH Limited's business.

In addition, a new provision governing related party transactions has been added to provide that any contracts and agreements (including commercial and trading arrangements in the ordinary course of business) between LCH Limited and LSEG or any of LSEG's subsidiaries (other than members of the LCH Group), will be subject to the prior approval of a committee of the Board consisting solely of the independent non-executive directors of LCH Limited. The committee must approve the contract or agreement if the committee finds that the contract or agreement is on bona fide arm's length terms.

Nomination Committee Terms of Reference

The LCH Limited Nomination Committee is a new committee. The ToR of the Nomination Committee are based substantially on the same ToR of the LCH Group Nomination Committee, subject to the following revisions: (i) the ToR set out the composition of the LCH Limited Board, reflecting the current composition of the Board, with an additional User Director as noted above; (ii) proposed LSEG directors are now be subject to Nomination Committee consideration; (iii) the procedures for LSEG to appoint Venue Replacement Independent Director have been removed as these appointment rights have never been used; and (iv) User Shareholders no longer have board observer rights.

The ToR require the Committee to consult the LCH Group CEO, the chief executive officer of LSEG and the chairman of LSEG (and may consult other persons who are not members of the Committee as appropriate) as to the suitability of the short-listed candidates being considered by the Committee. The ToR also direct the Committee to consult periodically with the Nomination Committee of LCH SA

who may be but will not be limited to the chief risk officer of the LCH Group; four Independent Directors; three User Directors; and one director nominated by LSEG.

⁸ Listing Rules 10 and 11 are rules of the UK Financial Conduct Authority that require the timely disclosure of certain matters.

to ensure that there is a coordinated process for the appointment of suitable directors to the Board and the board of directors of LCH SA.

Finally, to assure independence at the CCP level, the ToR provide that LCH Limited's CEO, in consultation with the LCH Group CEO will be responsible for appointing the management team for LCH Limited.

Technology, Security and Resilience Committee

The Technology, Security and Resilience Committee ToR has been established to "represent the interests of the Board in the sound management of technology, security and operational resilience, including cyber security, to ensure that technology security and operational resilience strategies, investments and outcomes support the mission, values, and strategic goals" of LCH Limited, and determine whether management has put in place adequate strategies that provide reasonable assurance that LCH Limited "operates within its risk appetite and complies with regulatory requirements."

Audit Committee

The Audit Committee ToR have been revised; (i) to provide that the audit committee of LSEG will have primary responsibility for the selection, assessment of independence and review of the services and remuneration the external auditor (as the external auditor of LCH Limited is the external auditor appointed by LSEG for the wider group); (ii) to provide that committee minutes will be presented to the respective committee for approval at the next following committee meeting; (iii) to provide that the ToR may be amended only by the Board and, with respect to certain provisions, with LSEG's consent; and (iv) to remove the requirement that the Committee arrange for an annual independent internal review of its performance to ensure it is operating at maximum effectiveness. This review is conducted, instead, by the Board of Directors.

Risk Committee

The Risk Committee ToR have been revised to provide that: the ToR may be amended only by the Board and, with respect to certain provisions, with LSEG's consent. In addition, certain technical changes have been made to reflect the changes in the LCH Group governance documents described above.

Remuneration Committee

The Remuneration ToR have been revised to: (i) require Board approval for reviews of incentive plan and performance-related pay schemes, including performance targets to be used, designed by and received from the LSEG remuneration committee; (ii) specify that the Committee, in consultation with the chairman and/or chief executive, as appropriate, will determine the total individual remuneration package of the chief executive officer, the chief risk officer, and the chief compliance officer; (iii) require the Committee to consult from time to time with the LSEG and LCH SA remuneration committees to ensure that there is a coordinated approach to the remuneration of LCH Limited's Board and LCH SA's board of directors; (iv) provide that the LCH Group CEO will be entitled to attend meetings of the Committee as an observer; (v) require minutes to be presented to the Committee for approval at the following meeting; and (vi) provide that the ToR may be amended only by the Board and, with respect to certain provisions, with LSEG's consent.

Further, the ToR have been revised to: (i) to remove the requirement that, prior to making a recommendation to the Board of Directors to make any change in the remuneration of the CEO or any Specified Executive (as defined), the Committee first receive a joint recommendation from the LSEG CEO and LCH Group CEO; and (ii) provide, instead, that the Committee, in consultation with the LCH Group CEO, will make a recommendation directly to the Board of Directors.

These rule changes will become effective on, or after, September 1, 2020, subject to the receipt of all applicable regulatory approvals.

The text of the changes is attached hereto as:

Appendix I, Articles of Association

Appendix II, Board Reserved Matters, Executive Delegation and Management Team Composition

Appendix III, Nomination Committee Terms of Reference

Appendix IV, Technology, Security and Resilience Committee Terms of Reference

Appendix V, Audit Committee Terms of Reference

Appendix VI, Risk Committee Terms of Reference

Appendix VII, Remuneration Committee Terms of Reference

Part III: Core Principle Compliance

LCH has reviewed the changes against the requirements of the Commodity Exchange Act, including the Core Principles, and the Commission's regulations thereunder and finds it will continue to comply with all the requirements and standards therein. In particular, the changes are consistent with the provisions of: (i) CFTC Rule 39.24, Governance; (ii) CFTC Rule 39.25, Conflicts of Interest; and (iii) CFTC Rule 39.26, Composition of Governing Boards.

Part IV: Public Information

LCH has posted a notice of pending certification with the CFTC and a copy of the submission on LCH's website at: <https://www.lch.com/resources/rules-and-regulations/proposed-rule-changes-0>

Part V: Opposing Views

There were no opposing views expressed to LCH Limited by governing board or committee members, members of LCH Limited or market participants that were not incorporated into the rule. The approach has been designed around broad market participant consultation and bilateral feedback with ongoing regulatory engagement.

Certification

LCH Limited hereby certifies to the Commodity Futures Trading Commission, pursuant to the procedures set forth in the Commission regulation § 40.6, that attached rule submission complies with the Commodity Exchange Act, as amended, and the regulations promulgated thereunder.

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LCH Group Holdings Limited | LCH Limited | Banque Centrale de Compensation | LCH.Clearnet LLC

LCH Group Holdings Limited. Registered in England No. 4743602 Registered Office: Aldgate House, 33 Aldgate High Street, London EC3N 1EA

Should you have any questions please contact me at julian.oliver@lch.com.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Julian Oliver', enclosed in a thin red rectangular border.

Julian Oliver
Chief Compliance Officer
LCH Limited

Appendix I

Articles of Association

Appendix I

Company No 25932

THE COMPANIES ACTS, 1862 AND 1866

THE COMPANIES ACT 2006

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

LCH LIMITED

Incorporated 22 February 1888

(Adopted by ~~special resolution~~ Special Resolution passed on ~~1 May 2013~~ [•] 2020)

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THE COMPANIES ACTS 1862 AND 1866

THE COMPANIES ACT 2006

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

LCH LIMITED

Incorporated 22 February 1888

(Adopted by ~~special resolution~~ Special Resolution passed on ~~1 May 2012~~ [•] 2020)

PRELIMINARY

1. **INTERPRETATION**

1.1 In these articles:

"ACPR" means the Autorité de contrôle prudentiel et de résolution;

"Act" means the Companies Act ~~2006~~, 2006;

"**alternate**" or "**alternate director**" means a person appointed pursuant to article ~~74~~, 67;

"**appointor**" has the meaning given thereto in article ~~73-1~~, 65.1;

"**articles**" means the articles of the Company ~~;~~;

"**associate**" means, in relation to a body corporate (the "**first body corporate**");

(a) ~~(a)~~ —any other body corporate which is its subsidiary undertaking or parent undertaking of the first body corporate or fellow subsidiary undertaking of that parent undertaking ~~;~~;

- (b) ~~(b)~~—any body corporate whose directors are accustomed to act in accordance with the first body corporate's instructions or directions;; and
- (c) ~~(e)~~—any body corporate in the capital of which the first body corporate, and any other body corporate under (a) or (b) taken together, is (or would on the fulfilment of a condition or the occurrence of a contingency be) interested so that they are (or would on the fulfilment of the condition or the occurrence of the contingency be) able:
- (i) ~~(i)~~—to exercise or control the exercise of, directly or indirectly, more than 50 per cent of the votes able to be cast at general meetings on all, or substantially all, matters;; or
- (ii) ~~(ii)~~—to appoint or remove directors holding a majority of voting rights at board meetings on all, or substantially all, matters;; or
- (iii) ~~(iii)~~—to direct or cause the direction of the management and policies of such entity, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise,

and "**associated with**" shall be construed accordingly;;

~~"CFTC" means the U S Commodities Futures and Trading Commission,~~**Board** means the board of directors of the Company from time to time;

"CEO" means the chief executive officer for the time being of the Company;

"**clear days**" means, in relation to the period of notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;;

~~"Clearing Participants" means those persons other than LSEG which are Eligible Institutions,~~**Company** means LCH Limited, a company incorporated in England (registered number 25932);

"Company Executives" has the meaning given thereto in article 57.2.4;

"**Conflict Situation**" has the meaning given thereto in article ~~92-2,~~83.2;

~~"Core Operating Principles" means the principles to be applied by the board of the Parent Company in managing its business, as set out in and adopted pursuant to the Implementation Agreement;~~

~~"Customer" has the meaning set out in the CFTC Rules as in force from time to time;~~

~~"Customer Director" means a director who is nominated by a Customer or who is otherwise connected to a Customer by virtue of his employment or directorship;~~

"**director**" means a director of the Company, and includes any person occupying the position of director, by whatever name called and "**the directors**" means the directors or any of them acting as the ~~board of directors of the Company~~, Board;

"**Dividend Policy**" means the dividend policy pursued by the board of the Parent Company from time to time;

"**Eligible Institution**" means:

- (a) ~~(a)~~ — inter-dealer brokers;
- (b) ~~(b)~~ — clearing members;
- (c) ~~(c)~~ — financial institutions or investors which are buy-side, indirect "users", including asset managers;
- (d) ~~(d)~~ — Exchanges; and
- (e) ~~(e)~~ subject to the consent of LSEG (not to be unreasonably delayed), any other category of market participant with a legitimate community of interest with the business of the LCH Group, as determined by the ~~board of directors~~ Board from time to time,

provided in the case of each entity other than LSEG and any other member of the LSEG Group that the number of the relevant entity's contracts or trades (as the case may be) cleared by the LCH Group is considered by the ~~board of directors~~ Board to be significant or the relevant entity otherwise demonstrates a mutual business relationship or interest to the satisfaction of the ~~board of directors~~ Board, acting reasonably, and the ~~board of directors~~ Board may take into account the regulatory good standing of such entity when determining whether it is so satisfied, and "**Eligible Institution**" means any one of them;

"**Exchanges**" means any operating entity of, or market or trading facility operated by, settlement facility providers or trading platforms, including but not limited to:

- (a) ~~(a)~~ — a trading venue regulated under ~~Council Directive 2004/39/EC of April 21, 2004~~ 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments ("**MiFID II**") as amended or replaced, ~~including but not limited to~~ which includes a regulated market as defined under article 4(1)(~~14~~21) of MiFID ~~and II~~, a multilateral trading facility as defined under article 4(1)(~~15~~22) of MiFID II, or an organised trading facility as defined under article 4(1)(23) of MiFID II, and/or an organised trading facility as defined under article 4(1)(23) of MiFID II, and/or which is permitted to participate in the UK market, including on the basis of a recognition order declaring it to be a recognised overseas investment exchange under 292 of the Financial Services and Markets Act 2000 ("FSMA");
- (b) ~~(b)~~ — a trading venue located outside the European Union, which has been approved by local authorities based on requirements similar to those used under ~~the MiFID~~, MiFID II, which for the avoidance of doubt includes where the UK Financial Conduct Authority has made a recognition order declaring the trading

venue to be a recognised investment exchange under section 290(1)(a) of FSMA;

- (c) ~~(e)~~—an organised market (defined as a market or trading facility that is characterised by a set of formal and non-discretionary rules, procedures and processes which match (or register for matching) multiple buy and sell interests in financial instruments, commodities or any other instrument on a continuous or periodic basis so as to allow the execution of transactions, the prices of which are determined by the interaction of trading interests on that system (whether through the matching of priced orders or the lifting of quotes));; or
- (d) ~~(d)~~—a trading venue subject to regulation under the federal securities or commodities laws of the United States, including but not limited to (i) a designated contract market, swap execution facility, board of trade ~~and/or~~ trading facility (each as defined in the US Commodity Exchange Act, as amended, and the regulations promulgated thereunder), and (ii) an exchange, security-based swap execution facility ~~and/or~~ alternative trading system (each as defined in the US Securities Exchange Act of 1934, as amended, and the regulations promulgated thereunder),

and each an "Exchange";

"executed" means any mode of execution, ~~"Group" means, in relation to any corporate entity, that entity and its associates;~~

"Group Profits" means the LCH Group's consolidated profits relating to a financial year in accordance with the accounting standards applicable to the Parent Company which at the date of adoption of the Parent Company Articles are IFRS;;

"holder" means, in relation to a share, the member whose name is entered in the register of members as the holder of that share, ~~"Implementation Agreement" means the agreement between the Company, LSEG and London Stock Exchange (C) Limited dated 9 March 2012, setting out certain obligations and commitments of the parties in relation to the implementation of the LSEG Acquisition;~~

"in writing" means in hard copy form or, to the extent permitted by the Act, in any other form;;

"Independent Director" means an independent director, who satisfies applicable Regulatory Requirements relating to independent directors and who is appointed in accordance with the Nomination Committee terms of reference;;

~~"LCH Group Holdings Limited"~~ means the Parent Company and its ~~associates~~ subsidiary undertakings from time to time, and "member of the ~~LCH Group~~ LCH Group" means any one such entity;;

"LSEG" means London Stock Exchange Group plc ~~and any person that is not a member of LSEG's Group to which all the shares held by LSEG and any other member of its Group from time to time are transferred, and references to the rights and obligations of LSEG shall be deemed to be references to the rights and obligations of any member of~~

~~LSEG's Group that is a shareholder,~~ a company incorporated in England (registered number 5369106);

~~"LSEG Acquisition" means the acquisition by LSEG of a controlling interest in the Company pursuant to an offer made by London Stock Exchange (C) Limited to acquire, or procure acquirers for, the entire issued share capital of the Company on the terms and subject to the conditions set out in an offer document dated 16 March 2012 and the associated form of acceptance,~~ Group" means LSEG and any of its associates, other than the LCH Group, and "member of the LSEG Group" means any one such entity;

~~"LSEG Consent Matters" has the meaning given thereto in the Relationship Agreement,~~

~~"Minority Protection Reserved Matters" has the meaning given thereto in the Relationship Agreement,~~

~~"Nomination Committee" means a committee appointed by the board of the Parent Company~~ Board, subject to the consent of LSEG, to nominate suitable candidates to stand for election on the ~~board of the Parent Company and the boards of operating entities within the LCH Group as any categories of directors which the board of the Parent Company may determine from time to time,~~ Board;

~~"Non-Executive Director" means a non-executive director of the Company who is appointed in accordance with these articles and the terms of reference of the Nomination Committee,~~

"office" means the registered office of the Company;

"Parent Company" means LCH Group Holdings Limited, a company incorporated in England (registered number 4743602), being the parent undertaking of the Company;

"Parent Company Articles" means the articles of association of the Parent Company from time to time;

~~"Push Matters" has the meaning given thereto in the Relationship Agreement,~~ Parent Company CEO" means the chief executive officer for the time being of the Parent Company;

"qualifying person" means an individual who is a member of the Company, a person authorised under section 323 of the Act to act as the representative of a corporation in relation to a meeting or a person appointed as proxy of a member in relation to the meeting;

"Regulatory Body" means any governmental, taxation, regulatory or licensing authority having jurisdiction over any member of the LCH Group, including, but not limited to, in the UK, the UK Government, ~~the UK Customs and Excise, the UK Inland Revenue, the UK Office of Fair Trading, the Financial Services~~ Her Majesty's Revenue and Customs, the Competition and Markets Authority, the UK Financial Conduct Authority and the UK Prudential Regulatory Authority, in the USA, the Commodity Futures Trading Commission, the United States Securities and Exchange Commission, in France, the ACPACPR and the *Autorité des marchés financiers*, in the European Union, the European Commission and the equivalent authorities in the Netherlands,

Belgium, Portugal, Italy, Japan and in any other country in which the LCH Group carries on business including successors thereto;⁵

"Regulatory Requirements" means, with respect to the Parent Company or the Company, any regulation or requirement of applicable law or of any applicable Regulatory Body, or any request of any applicable Regulatory Body failure to comply with which would result or would reasonably be expected by the Parent Company to result in the withdrawal of authorisation necessary to conduct clearing business in any relevant jurisdiction or other disciplinary or enforcement action that would have a material adverse effect on the ability of any member of the LCH Group to conduct clearing business in any relevant jurisdiction;⁵

~~"Relationship Agreement" means the relationship agreement entered into by the Company, LSEG and London Stock Exchange (C) Limited pursuant to the Implementation Agreement, including the schedules thereto, as the same may be amended from time to time,~~

~~"shares" means the ordinary shares of €1 each in the capital of the Company from time to time,~~

"seal" means the common seal of the Company;⁵

"secretary" means the secretary of the Company (if any) or any other person appointed to perform the duties of the secretary of the Company, including a joint, assistant or deputy secretary,⁵ ~~and;~~

"shares" means the ordinary shares of €1 each in the capital of the Company from time to time;

"subsidiary undertaking" or **"parent undertaking"** is to be construed in accordance with section 1162 (and Schedule 7) of the Act which for the purposes of this definition shall be treated as including any person the shares or ownership interests in which are subject to security and where the legal title of the shares or ownership interests so secured are registered in the name of the secured party or its nominee pursuant to such security;⁵

"United Kingdom" means Great Britain and Northern Ireland;⁵

"User Director" means a director who is nominated by a User Shareholder or who is otherwise connected to a User Shareholder by virtue of ~~his~~their employment or directorship ~~and, for the avoidance of doubt, excludes a Customer Director;~~⁵

"User Shareholder" means a shareholder of the Parent Company that is a User;⁵ ~~and~~

"Users" means ~~Clearing Participants~~those persons other than ~~Venues, Exchanges which are Eligible Institutions.~~

~~"Venue Director" means a director who is nominated by a Venue Shareholder or who is otherwise connected to a Venue Shareholder by virtue of his employment or directorship,~~

~~"Venue Shareholder" means a shareholder of the Parent Company that is a Venue, and~~

~~"Venues" means Clearing Participants which are Exchanges~~

- 1.2 Unless the context otherwise requires, words and expressions to which a particular meaning is given by the Act as in force when the articles are adopted, shall have the same meaning in the articles, except where the word or expression is otherwise defined in the articles.
- 1.3 Where an ordinary resolution of the Company is expressed to be required for any purpose, a special resolution is also effective for that purpose.
- 1.4 References to any statutory provision or statute include all modifications thereto and all re-enactments thereof (with or without modification) and all subordinate legislation made thereunder in each case for the time being in force. This article does not affect the interpretation of article 1.2.
- 1.5 A member is "present" at a meeting if the member (being an individual) attends in person or if the member (being a corporation) attends by its duly authorised representative, who attends in person, or if the member attends by ~~his~~their or its duly appointed proxy, who attends in person.
- 1.6 The *ejusdem generis* principle of construction shall not apply. Accordingly, general words shall not be given a restrictive meaning by reason of their being preceded or followed by words indicating a particular class of acts, matters or things or by examples falling within the general words.
- 1.7 The headings in the articles do not affect their interpretation or construction.

2. **MODEL ARTICLES OR REGULATIONS NOT TO APPLY**

No model articles or regulations contained in any statute or subordinate legislation, including the regulations contained in Table A in the First Schedule to the Companies Act 1862, apply as the regulations or articles of association of the Company.

LIABILITY OF MEMBERS

3. **LIMITED LIABILITY**

The liability of the members of the Company is limited to the amount, if any, unpaid on the shares held by them.

PRIVATE COMPANY

4. **PRIVATE COMPANY STATUS**

The Company is a private company limited by shares and accordingly any offer to the public to subscribe for any shares or debentures of the Company is prohibited.

~~OPERATION OF THE COMPANY~~

~~5. CORE OPERATING PRINCIPLES~~

~~The business of the Company will be managed in a manner that is consistent with the Parent Company being run at all times in accordance with the Core Operating Principles~~

SHARE CAPITAL

5. ~~6. EXCLUSION OF PRE-EMPTION RIGHTS~~

The pre-emption provisions of sections 561 and 562 of the Act do not apply to an allotment of the Company's equity securities.

6. ~~7. POWER TO ISSUE DIFFERENT CLASSES OF SHARE~~

6.1 ~~7.1~~ Subject to the Act and without prejudice to any rights attached to any existing shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine.

6.2 ~~7.2~~ Subject to the Act, the Company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder, and the directors may determine the terms, conditions and manner of redemption of any such shares.

6.3 ~~7.3~~ Each issue of shares in the Company shall be subject to the consent of LSEG ~~for so long as LSEG and any member of its Group hold in aggregate a Significant Interest in the Parent Company~~ (such consent not to be unreasonably delayed).

7. ~~8. RIGHTS AND RESTRICTIONS ATTACHING TO SHARES~~

If rights and restrictions attaching to shares are determined by ordinary resolution or by the directors pursuant to article ~~7.6~~, those rights and restrictions shall apply in place of any rights or restrictions that would otherwise apply by virtue of the Act in the absence of any provisions in the articles, as if those rights and restrictions were set out in the articles.

8. ~~9. COMMISSION~~

The Company may exercise the powers of paying commissions conferred by the Act. Subject to the Act, any such commission may be satisfied by the payment of cash or by the allotment of fully-paid or partly-paid shares or partly in one way and partly in the other.

9. ~~10. TRUSTS~~

Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and (except as otherwise provided by the articles or by law) the Company shall not be bound by or recognise any interest in any share except an absolute right to the entirety of that share in the holder.

SHARE CERTIFICATES

10. ~~11.~~ **RIGHT TO CERTIFICATE**

Every member, upon becoming the holder of any shares, shall be entitled without payment to one certificate for all the shares of each class held by ~~him~~them (and, upon transferring a part of ~~his~~their holding of shares of any class, to a certificate for the balance of such holding) or several certificates each for one or more of ~~his~~their shares upon payment for every certificate after the first of such reasonable sum as the directors may determine. Every certificate shall be issued under the seal, which may be affixed or printed on it, or shall be signed by two directors of the Company or by a director and the secretary of the Company or by one director in the presence of a witness who attests ~~his~~their signature or shall be issued in such other manner as the directors may approve and shall specify the number, class and distinguishing numbers (if any) of the shares to which it relates and the amount or respective amounts paid up thereon. The Company shall not be bound to issue more than one certificate for shares held jointly by several persons and delivery of a certificate for a share to one joint holder shall be a sufficient delivery to all of them.

11. ~~12.~~ **REPLACEMENT CERTIFICATE**

If a share certificate is defaced, worn-out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and payment of the expenses reasonably incurred by the Company in investigating evidence as the directors may determine but otherwise free of charge, and (in the case of defacement or wearing-out) on delivery up of the old certificate.

LIEN

12. ~~13.~~ **COMPANY'S LIEN ON SHARES NOT FULLY PAID**

The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) payable at a fixed time or called in respect of that share. The directors may at any time declare any share to be wholly or in part exempt from the provisions of this article. The Company's lien on a share shall extend to any amount payable in respect of it

13. ~~14.~~ **ENFORCEMENT OF LIEN BY SALE**

The Company may sell in such manner as the directors determine any shares on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within fourteen clear days after notice has been given to the holder of the share ~~or to the person entitled to it in consequence of the death or bankruptcy of the holder,~~ demanding payment and stating that if the notice is not complied with the shares may be sold.

14. ~~15.~~ **PROCEDURE ON TRANSFER**

To give effect to a sale the directors may authorise some person to execute an instrument of transfer of the shares sold to, or in accordance with the directions of, the purchaser. The title of the transferee to the shares shall not be affected by any irregularity in, or invalidity of, the proceedings in reference to the sale.

15. ~~16.~~ **APPLICATION OF PROCEEDS OF SALE**

The net proceeds of the sale, after payment of the costs, shall be applied in payment of so much of the sum for which the lien exists as is presently payable, and any residue shall (upon surrender to the Company for cancellation of the certificate for the shares sold and subject to a like lien for any moneys not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES AND FORFEITURE

16. ~~17.~~ **CALLS**

Subject to the terms of allotment, the directors may make calls upon the members in respect of any moneys unpaid on their shares (whether in respect of nominal value or premium) and each member shall (subject to receiving at least fourteen clear days' notice specifying when and where payment is to be made) pay to the Company as required by the notice the amount called on ~~his~~their shares. A call may be required to be paid by instalments. A call may, before receipt by the Company of any sum due thereunder, be revoked in whole or in part and payment of a call may be postponed in whole or part. A person upon whom a call is made shall remain liable for calls made upon ~~him~~them notwithstanding the subsequent transfer of the shares in respect of which the call was made.

17. ~~18.~~ **TIME OF CALL**

A call shall be deemed to have been made at the time when the resolution of the directors authorising the call was passed.

18. ~~19.~~ **JOINT HOLDERS**

The joint holders of a share shall be jointly and severally liable to pay all calls in respect of the share.

19. ~~20.~~ **INTEREST ON CALLS**

If a call remains unpaid after it has become due and payable the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due and payable until it is paid at the rate fixed by the terms of allotment of the share or in the notice of the call or, if no rate is fixed, at the appropriate rate (as defined by the Act) but the directors may waive payment of the interest wholly or in part.

20. ~~21.~~ **AMOUNTS DUE ON ALLOTMENT TREATED AS CALLS**

An amount payable in respect of a share on allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call, and if it is not paid when due all the provisions of the articles shall apply as if that amount had become due and payable by virtue of a call.

21. ~~22.~~ **POWER TO DIFFERENTIATE**

Subject to the terms of allotment, the directors may make arrangements on the issue of shares for a difference between the holders in the amounts and times of payment of calls on their shares.

22. ~~23.~~ **NOTICE IF CALL NOT PAID**

If a call remains unpaid after it has become due and payable the directors may give to the person from whom it is due not less than fourteen clear days' notice requiring payment of the amount unpaid, together with any interest which may have accrued. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

23. ~~24.~~ **FORFEITURE FOR NON-COMPLIANCE**

If the notice is not complied with any share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the directors and the forfeiture shall include all dividends or other moneys payable in respect of the forfeited shares and not paid before the forfeiture.

24. ~~25.~~ **DISPOSAL OF FORFEITED SHARES**

Subject to the Act, a forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the directors determine either to the person who was before the forfeiture the holder or to any other person and at any time before a sale, re-allotment or other disposition, the forfeiture may be cancelled on such terms as the directors think fit. Where for the purposes of its disposal a forfeited share is to be transferred to any person the directors may authorise some person to execute an instrument of transfer of the share to that person.

25. ~~26.~~ **ARREARS TO BE PAID NOTWITHSTANDING FORFEITURE**

A person any of whose shares have been forfeited shall cease to be a member in respect of them and shall surrender to the Company for cancellation the certificate for the shares forfeited but shall remain liable to the Company for all moneys which at the date of forfeiture were presently payable by ~~him~~ them to the Company in respect of those shares with interest at the rate at which interest was payable on those moneys before the forfeiture or, if no interest was so payable, at the appropriate rate (as defined by the Act) from the date of forfeiture until payment but the directors may waive payment wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal.

26. ~~27.~~ **PROOF OF FORFEITURE**

A statutory declaration by a director or the secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share and the declaration shall (subject to the execution of an instrument of transfer if necessary) constitute a good title to the share and the person to whom the share is disposed of shall not be bound to see to the application of the consideration, if any, nor shall ~~his~~ their title to the share be affected

by any irregularity in or invalidity of the proceedings in reference to the forfeiture or disposal of the share.

TRANSFER OF SHARES

27. ~~28.~~ **METHOD OF TRANSFER**

The instrument of transfer of a share may be in any usual form or in any other form which the directors may approve and shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee.

28. ~~29.~~ **RIGHT TO REFUSE REGISTRATION**

The directors may, in their absolute discretion, refuse to register the transfer of a share to any person, whether or not it is a fully paid share or share on which the Company has a lien.

29. ~~30.~~ **PROCEDURE ON REFUSAL TO REGISTER**

If the directors refuse to register a transfer of a share, they shall as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal together with their reasons for the refusal.

30. ~~31.~~ **NO FEE ON REGISTRATION**

No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to any share.

31. ~~32.~~ **RETENTION OF INSTRUMENT OF TRANSFER**

The Company shall be entitled to retain any instrument of transfer which is registered, but any instrument of transfer which the directors refuse to register shall be returned to the person lodging it when notice of the refusal is given.

FRACTIONS OF SHARES

32. ~~33.~~ **FRACTIONS**

Whenever as a result of a consolidation of shares any members would become entitled to fractions of a share, the directors may, on behalf of those members, sell the shares representing the fractions for the best price reasonably obtainable to any person (including, subject to the Act, the Company) and distribute the net proceeds of sale in due proportion among those members, and the directors may authorise some person to execute an instrument of transfer of the shares to, or in accordance with the directions of, the purchaser. The transferee shall not be bound to see to the application of the purchase money nor shall ~~his~~their title to the shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.

COMPANY NAME

33. ~~34.~~ **CHANGE OF COMPANY NAME**

Subject to the Act, the directors may by resolution change the name of the Company.

GENERAL MEETINGS

34. ~~35.~~ **CONVENING OF GENERAL MEETINGS**

The directors may call general meetings and, on the requirement of members pursuant to the Act, shall call a general meeting (i) within 21 days from the date on which the directors become subject to the requirement, and (ii) to be held on a date not more than 28 days after the date of the notice convening the meeting.

35. ~~36.~~ **CONVENING OF GENERAL MEETINGS WHERE INSUFFICIENT DIRECTORS**

If there are not sufficient directors to call a general meeting, any director or any member may call a general meeting.

NOTICE OF GENERAL MEETINGS

36. ~~37.~~ **LENGTH OF NOTICE**

A general meeting (other than an adjourned meeting) shall be called by notice of at least 14 clear days. A general meeting may be called by shorter notice if it is so agreed by a majority in number of the members having a right to attend and vote at the meeting, being a majority who together hold not less than 90 per cent in nominal value of the shares giving that right.

37. ~~38.~~ **FORM OF NOTICE**

The notice shall specify the time, date and place of the meeting and the general nature of the business to be dealt with at the meeting. If the meeting is convened to consider a special resolution, the text of the resolution and the intention to propose the resolution as a special resolution shall also be specified. The notice of meeting shall also specify, with reasonable prominence, the member's rights to appoint one or more proxies under section 324 of the Act.

38. ~~39.~~ **ENTITLEMENT TO RECEIVE NOTICE**

Subject to the provisions of the articles and to any restrictions imposed on any shares, the notice shall be given to all the members, ~~to all the persons entitled to a share in consequence of the death or bankruptcy of a member~~ and to the directors and auditors.

39. ~~40.~~ **OMISSION TO SEND NOTICE**

The accidental omission to give notice of a general meeting or to send, supply or make available any document or information relating to a meeting to, or the non receipt of any such notice, document or information by, a person entitled to receive any such notice, document or information shall not invalidate the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

40. ~~41.~~ QUORUM

40.1 ~~41.1~~ No business shall be transacted at any meeting unless a quorum is present. If the Company has only one member entitled to attend and vote at the meeting, one qualifying person present at the meeting and entitled to vote is a quorum. Subject to the Act and article ~~41-2,~~40.2, in all other cases, two qualifying persons present at the meeting and entitled to vote are a quorum.

40.2 ~~41.2~~ Where the Company has more than one member entitled to attend and vote at a meeting, one qualifying person present at the meeting and entitled to vote as:

40.2.1 ~~41.2.1~~ the duly authorised representative of two or more corporations, each of which is a member entitled to attend and vote upon the business to be transacted at the meeting; or

40.2.2 ~~41.2.2~~ a proxy duly appointed by two or more members entitled to attend and vote upon the business to be transacted at the meeting,

is a quorum.

40.3 ~~41.3~~ If such a quorum is not present within half an hour from the time appointed for the meeting, or if during a meeting a quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week, at the same time and place or to such day and at such time and place as the directors may determine.

41. ~~42.~~ TELEPHONE GENERAL MEETINGS

41.1 ~~42.1~~ A member may be present at and participate in a general meeting through the medium of conference telephone, video teleconference or other form of communications equipment, provided that each member present is able to:

41.1.1 ~~42.1.1~~ participate in the business for which the meeting has been convened;

41.1.2 ~~42.1.2~~ hear all persons present who speak; and

41.1.3 ~~42.1.3~~ be heard by all other persons present in the same way.

41.2 A member present at and participating in the meeting in such a manner shall be counted in the quorum. Subject to the Act, all business transacted this way shall be deemed to be validly and effectively transacted at a general meeting although fewer than two members are physically present at the same place. A meeting held in this way is deemed to take place where the largest group of those participating is assembled or, if there is no such group, at the place from where the chairman of the meeting participates. A resolution put to the vote of such a meeting shall be decided by each member present indicating to the chairman (in such manner as the chairman may direct) whether ~~he votes~~they vote in favour of or against the resolution, or ~~abstains~~abstain.

42. ~~43.~~ **CHAIRMAN**

The chairman, if any, of the ~~board of directors~~ Board or in ~~his~~ their absence some other director nominated by the directors shall preside as chairman of the meeting, but if neither the chairman nor such other director (if any) is present within 15 minutes after the time appointed for holding the meeting and willing to act, the directors present shall elect one of their number to be chairman and, if there is only one director present and willing to act, ~~he~~ they shall be chairman.

43. ~~44.~~ **MEMBERS AND PROXIES AS CHAIRMAN**

If no director is willing to act as chairman, or if no director is present within 15 minutes after the time appointed for holding the meeting, the members and proxies present and entitled to vote shall choose one of their number to be chairman.

44. ~~45.~~ **RIGHT OF DIRECTORS TO ATTEND AND SPEAK**

A director shall, notwithstanding that ~~he is~~ they are not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in the Company.

45. ~~46.~~ **ADJOURNMENT**

The chairman may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for 14 days or more, at least seven clear days' notice shall be given specifying the time and place of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to give any such notice.

46. ~~47.~~ **METHOD OF VOTING**

~~A resolution put to the vote of a meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands a poll is duly demanded. Subject to the Act, a poll may be demanded~~

~~(a) — by the chairman, or~~

46.1 ~~(b) by~~ All votes cast at any ~~member present and entitled to vote~~

~~48. —~~ **CHAIRMAN'S DECLARATION**

~~Unless a poll is duly demanded, a declaration by the chairman that a resolution has or has not been passed or has or has not been passed by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. An entry in respect of such a declaration in minutes of the meeting recorded in accordance with section 355 of the Act is also conclusive evidence of that fact without such proof~~

~~49. WITHDRAWAL OF DEMAND FOR A POLL~~

~~The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made~~

~~50. PROCEDURE ON A POLL~~ meeting shall be on a poll. A poll shall be taken in such manner as the chairman of the meeting directs, and ~~he~~they may appoint scrutineers (who need not be ~~members~~shareholders) and fix a place, date and time for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

~~51. CASTING VOTE~~

~~In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall be entitled to a casting vote in addition to any other vote he may have~~

~~52. TIMING OF A POLL~~

~~A poll demanded on the election of a chairman or on a question of adjournment shall be taken immediately. A poll demanded on any other question shall be taken either immediately or at such time, date and place as the chairman directs not being more than 30 days after the poll is demanded. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made~~

~~53. NOTICE OF A POLL~~

~~No notice need be given of a poll not taken immediately if the time, date and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken~~

46.2 A declaration by the chairman of the meeting that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

47. ~~54.~~ **RESOLUTIONS IN WRITING**

A resolution of the members (or of a class of members) of the Company may be passed as a written resolution in accordance with the Act. A proposed written resolution lapses if it is not passed before the period of 28 days beginning with the circulation date.

VOTES OF MEMBERS

48. ~~55.~~ VOTES OF MEMBERS

~~55.1~~—Subject to any rights or restrictions attached to any shares, on a vote on a resolution

~~55.1.1~~—~~on a show of hands at a meeting~~

~~(a)~~—every member present (not being present by proxy) and entitled to vote on the resolution has one vote, and

~~(b)~~—every proxy present who has been duly appointed by a member entitled to vote on the resolution has one vote, except where

~~(i)~~—that proxy has been duly appointed by more than one member entitled to vote on the resolution, and

~~(ii)~~—the proxy has been instructed

~~(A)~~—by one or more of those members to vote for the resolution and by one or more of those members to vote against the resolution, or

~~(B)~~—by one or more of those members to vote in the same way on the resolution (whether for or against) and one or more of those members has permitted the proxy discretion as to how to vote,

~~in which case, the proxy has one vote for and one vote against the resolution, and~~
~~55.1.2~~—on a poll taken at a meeting, every member present and entitled to vote on the resolution has one vote in respect of each share held by the relevant member.

49. ~~56.~~ JOINT HOLDERS

In the case of joint holders of a share, only the vote of the senior holder who votes (and any proxy duly authorised by him~~them~~) may be counted by the Company. For the purposes of this article, the senior holder of a share is determined by the order in which the names of the joint holders appear in the register of members.

~~57.~~ ~~VOTING IN CASE OF MENTAL DISORDER~~

~~A member in respect of whom an order has been made by any court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder may vote, whether on a show of hands or on a poll, by his receiver, curator bonis or other person authorised in that behalf appointed by that court, and any such receiver, curator bonis or other person may, on a poll, vote by proxy. Evidence to the satisfaction of the directors of the authority of the person claiming to exercise the right to vote shall be deposited at the office, or at such other place as is specified in accordance with the articles for the deposit or delivery of forms of appointment of a proxy, or in any other manner specified in the articles for the appointment of a proxy, not less than 48 hours~~

~~before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in default the right to vote shall not be exercisable~~

50. ~~58.~~ **RESTRICTION ON VOTING RIGHTS FOR UNPAID CALLS ETC.**

No member shall, unless the directors otherwise determine, be entitled to vote at any general meeting or at any separate meeting of the holders of any class of shares in the Company, either in person or by proxy, in respect of any share held by ~~him~~them unless all moneys presently payable by ~~him~~them in respect of that share have been paid.

51. ~~59.~~ **OBJECTIONS TO VOTING**

No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.

52. ~~60.~~ **VOTING BY PROXY**

A member may appoint another person as ~~his~~their proxy to exercise all or any of ~~his~~their rights to attend and to speak and to vote ~~(both on a show of hands and on a poll)~~ on a resolution or amendment of a resolution, or on other business arising, at a meeting or meetings of the Company. Unless the contrary is stated in it, the appointment of a proxy shall be deemed to confer authority to exercise all such rights, as the proxy thinks fit. A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by the member. Deposit or delivery of a form of appointment of a proxy does not preclude a member from attending and voting at the meeting or at any adjournment of it.

53. ~~61.~~ **APPOINTMENT OF PROXY**

Subject as set out herein, an instrument appointing a proxy shall be in writing in any usual form or in any other form which the directors may approve and shall be executed by or on behalf of the appointor save that, subject to the Act, the directors may accept the appointment of a proxy received in electronic form at an address specified for such purpose, on such terms and subject to such conditions as they consider fit. The directors may require the production of any evidence which they consider necessary to determine the validity of any appointment pursuant to this article.

54. ~~62.~~ **FORM OF APPOINTMENT OF PROXY**

The form of appointment of a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the directors shall be:

- 54.1 ~~(a)~~ in the case of an instrument of proxy in hard copy form, left at or sent by post to the office or such other place within the United Kingdom as is specified in the notice convening the meeting or in the form of appointment of proxy sent out by the Company in relation to the meeting at any time before the time for holding the meeting or adjourned meeting at which the person named in the form of appointment of proxy proposes to vote;

54.2 ~~(b)~~ in the case of an appointment of a proxy sent in electronic form, where the Company has given an electronic address;

54.2.1 ~~(i)~~ in the notice calling the meeting;

54.2.2 ~~(ii)~~ in an instrument of proxy sent out by the Company in relation to the meeting;
or

54.2.3 ~~(iii)~~ in an invitation to appoint a proxy issued by the Company in relation to the meeting,

received at such address at any time before the time for holding the meeting or adjourned meeting at which the person named in the form of appointment of proxy proposes to vote;

54.3 ~~(c)~~ in the case of a poll taken more than 48 hours after it is demanded, be deposited or delivered as required by ~~paragraphs (a)~~ paragraph 54.1 or ~~(b)~~ 54.2 of this article after the poll has been demanded and at any time before the time appointed for the taking of the poll; or

54.4 ~~(d)~~ where the poll is not taken immediately but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded to the chairman or to the secretary or to any director,

and a form of appointment of proxy which is not deposited or delivered in accordance with this article is invalid.

55. ~~63.~~ **VALIDITY OF ACTIONS BY PROXY OR REPRESENTATIVE OF A CORPORATION**

55.1 ~~63.1~~—The Company is not obliged to verify that a proxy or representative of a corporation has acted in accordance with the terms of ~~his~~their appointment and any failure to so act in accordance with the terms of ~~his~~their appointment shall not affect the validity of any proceedings at a meeting of the Company.

55.2 ~~63.2~~—The termination of the authority of a person to act as proxy or as the duly authorised representative of a member which is a corporation does not affect whether ~~he counts~~they count in deciding whether there is a quorum at a meeting, the validity of anything ~~he does~~they do as chairman of a meeting, the validity of a poll demanded by ~~him~~them at a meeting, or the validity of a vote given by that person unless notice of the termination was received by the Company at the office or, in the case of a proxy, any other place specified for delivery or receipt of the form of appointment of proxy or, where the appointment of a proxy was sent in electronic form, at the address at which the form of appointment was received, before the commencement of the relevant meeting or adjourned meeting or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.

56. ~~64.~~ **CORPORATE REPRESENTATIVES**

In accordance with the Act, a corporation which is a member may, by resolution of its directors or other governing body, authorise a person or persons to act as its representative or representatives at any meeting of the Company (a "**representative**").

A director, the secretary or other person authorised for the purpose by the secretary may require a representative to produce a certified copy of the resolution of authorisation before permitting ~~him~~them to exercise ~~his~~their powers.

NUMBER OF DIRECTORS AND COMPOSITION OF BOARD

57. ~~65.~~ **NUMBER OF DIRECTORS AND COMPOSITION OF BOARD**

57.1 Unless otherwise determined by ordinary resolution or as mandated pursuant to Regulatory Requirements, the number of directors (other than alternate directors) is not subject to a maximum and the minimum number is two.

57.2 On the date of adoption of these Articles, the Board shall comprise the following directors:

57.2.1 an independent non-executive chairman;

57.2.2 the CEO;

57.2.3 the Parent Company CEO;

57.2.4 an additional executive of the Company or the Parent Company, who may be but shall not be limited to the chief risk officer of the Parent Company (together with the CEO and Parent Company CEO, the "Company Executives");

57.2.5 four Independent Directors;

57.2.6 three User Directors; and

57.2.7 one director nominated by LSEG.

57.3 Subject to these Articles, future appointments to the Board:

57.3.1 in respect of the Company Executives, shall be made by notice in writing to the Board by the Parent Company; and

57.3.2 in respect of all other directors, shall be made by Board resolution following the recommendation of candidates by the Nomination Committee in accordance with the terms of reference of the Nomination Committee.

POWERS OF DIRECTORS

58. ~~66.~~ **POWERS OF DIRECTORS**

Subject to the Act, the articles and to any directions given by special resolution, the business of the Company shall be managed by the directors who may exercise all the powers of the Company. No alteration of the articles and no such direction shall invalidate any prior act of the directors which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this article shall not be limited by any special power given to the directors by the articles and a meeting of directors at which a quorum is present may exercise all powers exercisable by the directors.

59. ~~67.~~ **AGENTS**

The directors may, by power of attorney or otherwise, appoint any person to be the agent of the Company for such purposes and on such conditions as they determine, including authority for the agent to delegate all or any of ~~his~~their powers.

DELEGATION OF DIRECTORS' POWERS

60. ~~68.~~ **DELEGATION TO COMMITTEES AND EXECUTIVE DIRECTORS**

The directors may delegate any of their powers to any committee consisting of one or more directors. They may also delegate to any managing director or any director holding any other executive office such of their powers as they consider desirable to be exercised by ~~him~~them. Any such delegation may be made subject to any conditions the directors may impose, and either collaterally with or to the exclusion of their own powers and may be revoked or altered. Subject to any such conditions, the proceedings of a committee with two or more members shall be governed by the provisions of the articles regulating the proceedings of directors so far as they are capable of applying. Where a provision of the articles refers to the exercise of a power, authority or discretion by the directors and that power, authority or discretion has been delegated by the directors to a committee, the provision shall be construed as permitting the exercise of the power, authority or discretion by the committee.

APPOINTMENT AND REMOVAL OF DIRECTORS

61. ~~69.~~ **POWER OF THE COMPANY TO APPOINT DIRECTORS**

~~The~~Subject to article 57.3, the Company may by ordinary resolution appoint, ~~pursuant to article 70-2,~~ any person who is willing to act to be a director, either to fill a vacancy or as an additional director.

62. ~~70.~~ **POWER OF THE BOARD TO APPOINT DIRECTORS**

~~70.1—The~~Subject to article 57.3, the directors may appoint, ~~pursuant to article 70-2,~~ any person who is willing to act to be a director, either to fill a vacancy or as an additional director, ~~—~~ provided that the appointment does not cause the number of directors to exceed any number fixed by or in accordance with the articles as the maximum number of directors and provided further that the composition of the ~~board of directors~~Board continues to reflect Regulatory Requirements.

~~70.2—The Nomination Committee may by notice in writing to the Parent Company nominate candidates at any time and from time to time to be directors of the Company in accordance with the terms of reference of the Nomination Committee~~

63. ~~71.~~ **APPOINTMENT AND REMOVAL BY MEMBERS**

~~The~~Notwithstanding any other provision of these Articles, the holder or holders of more than half in nominal value of the shares giving the right to attend and vote at general meetings of the Company may remove a director from office and appoint a person to be a director, but only if the appointment does not cause the number of directors to exceed a number fixed by or in accordance with the articles as the maximum number of directors and provided that the composition of the ~~board of directors~~Board continues

to reflect Regulatory Requirements. The removal or appointment is effected by notice to the Company signed by or on behalf of the holder or holders. The notice may consist of several documents in similar form each signed by or on behalf of one or more holders and shall be left at or sent by post or facsimile transmission to the office or such other place designated by the directors for the purpose. The removal or appointment takes effect immediately on deposit of the notice in accordance with the articles or on such later date (if any) specified in the notice.

DISQUALIFICATION AND REMOVAL OF DIRECTORS

64. ~~72.~~ VACATION OF OFFICE BY DIRECTOR

The office of a director shall be vacated if:

64.1 ~~(a) he ceases~~they cease to be a director by virtue of any provision of the Act or ~~he becomes~~they become prohibited by law from being a director;

64.2 ~~(b) he becomes~~they become bankrupt or ~~makes~~make any arrangement or composition with ~~his~~their creditors generally;

64.3 ~~(c) he becomes~~they become, in the opinion of all ~~his~~their co-directors, incapable by reason of mental disorder of discharging ~~his~~their duties as director;

64.4 ~~(d) if his~~their conduct is likely to be prejudicial to the sound and prudent management of the Company, in the opinion of a majority of ~~his co-directors and upon the recommendation of the Nomination Committee and, with regard to Directors appointed by LSEG, with LSEG's consent (not to be unreasonably withheld or delayed),~~their co-directors;

64.5 ~~(e) he resigns his~~they resign their office by notice to the Company;

64.6 ~~(f) he~~they shall for more than six consecutive months have been absent without permission of the directors from meetings of directors held during that period and ~~his~~their alternate director (if any) shall not during such period have attended any such meetings instead of ~~him~~their, and the directors resolve that ~~his~~their office be vacated;

64.7 upon the occurrence of any circumstance requiring the office of that director to be vacated that is provided for under their letter of appointment or service contract with the Company;

64.8 ~~(g) he is~~they are removed from office by notice addressed to ~~him~~them at ~~his~~their last-known address and signed by all ~~his~~their co-directors; or

64.9 ~~(h) he is~~they are removed from office by notice given under article ~~73~~63.

ALTERNATE DIRECTORS

65. ~~73.~~ APPOINTMENT AND REMOVAL OF ALTERNATES

65.1 ~~73.1~~ Any director (the "appointor") may appoint as an alternate any other director to:

65.1.1 ~~73.1.1~~ exercise that director's powers; and

65.1.2 ~~73.1.2~~ carry out that director's responsibilities,

in relation to the taking of decisions by the directors in the absence of the alternate's appointor. A director may be appointed as an alternate director to represent more than one director. An alternate cannot appoint an alternate. An Independent Director may only appoint an alternate who qualifies as an Independent Director and any purported appointment of an alternate who does not so qualify will be void *ab initio*.

65.2 ~~73.2~~ Any appointment or removal of an alternate must be effected by notice in writing to the Company signed by the appointor, or in any other manner approved by the directors. The appointment or removal shall take effect when received by the Company or on such later date (if any) specified in the notice. The notice must identify the proposed alternate.

66. ~~74.~~ **RIGHTS AND RESPONSIBILITIES OF ALTERNATE DIRECTORS**

66.1 ~~74.1~~ An alternate director has the same rights, in relation to any directors' meeting or any decision taken in accordance with articles ~~91-1~~82.1 and ~~91-2,~~82.2, as the alternate's appointor.

66.2 ~~74.2~~ Except as the articles specify otherwise, an alternate director:

66.2.1 ~~74.2.1~~ is liable for ~~his~~their own acts and omissions;

66.2.2 ~~74.2.2~~ is subject to the same restrictions as ~~his~~their appointor;

66.2.3 ~~74.2.3~~ is not deemed to be an agent of or for ~~his~~their appointor; and

66.2.4 ~~74.2.4~~ is entitled to receive notice of all directors' meetings and of all meetings of committees of directors of which ~~his~~their appointor is a member.

66.3 ~~74.3~~ An alternate director is not entitled to receive any remuneration from the Company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing to the Company.

67. ~~75.~~ **TERMINATION OF ALTERNATE DIRECTORSHIP**

67.1 ~~75.1~~ An alternate director's appointment as an alternate terminates:

67.1.1 ~~75.1.1~~ in accordance with the terms of a notice in writing from the alternate's appointor to the Company revoking the appointment and specifying when it is to terminate;

67.1.2 ~~75.1.2~~ on the occurrence of any event in relation to the alternate which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director;

67.1.3 ~~75.1.3~~ on the death of the alternate's appointor;

67.1.4 ~~75.1.4~~ when the alternate's appointor's appointment as a director terminates; or

~~67.1.5~~ ~~75.1.5~~ if ~~he resigns~~they resign by notice in writing to the Company and such resignation has taken effect in accordance with its terms.

REMUNERATION OF DIRECTORS

68. ~~76.~~ REMUNERATION

The directors, excluding the Independent Directors, shall be entitled to such remuneration as the ~~board of directors~~Board may determine, provided that no Independent Director or ~~Non-Executive Director~~other non-executive director may receive performance-based compensation for service as a director. Unless the ~~board of directors~~Board determines otherwise, the remuneration shall be deemed to accrue from day to day.

69. ~~77.~~ ADDITIONAL REMUNERATION

A director who, at the request of the directors, goes or resides abroad, makes a special journey or performs a special service on behalf of the Company may be paid such reasonable additional remuneration (whether by way of salary, percentage of profits or otherwise) and expenses as the directors may decide.

DIRECTORS' EXPENSES

70. ~~78.~~ EXPENSES

The directors may be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of directors or committees of directors or general meetings or separate meetings of the holders of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties. Subject to the Act, the directors shall have the power to make arrangements to provide a director with funds to meet expenditure incurred or to be incurred by ~~him~~him~~them~~them for the purposes of the Company or for the purpose of enabling ~~him~~him~~them~~them properly to perform ~~his~~their duties as an officer of the Company or to enable ~~him~~him~~them~~them to avoid incurring any such expenditure.

~~DIRECTORS' APPOINTMENTS AND INTERESTS~~

~~79.~~ ~~EXECUTIVE DIRECTORS~~

~~Subject to the Act, the directors may appoint one or more of their number, excluding the Independent Directors, to the office of managing director or to any other executive office under the Company, and may enter into an agreement or arrangement with any director for his employment by the Company or for the provision by him of any services outside the scope of the ordinary duties of a director. Any such appointment, agreement or arrangement may be made upon such terms as the directors determine and they may remunerate any such director for his services as they think fit. Any appointment of a director to an executive office shall determine if he ceases to be a director but without prejudice to any claim for damages for breach of the contract of service between the director and the Company.~~

~~80.~~ DIRECTORS' INTERESTS

71. DIRECTORS' INTERESTS

Group companies

71.1 ~~80.1~~ Subject to article ~~92-2,~~83.2, a director shall be authorised for the purposes of section 175 of the Act to act or continue to act as a director of the Company notwithstanding that at the time of ~~his~~their appointment or subsequently ~~he~~they also:

71.1.1 ~~80.1.1~~ ~~holds~~hold office as a director of, or ~~holds~~hold any other office or employment with, any other member of the LCH Group or the LSEG Group;

71.1.2 ~~80.1.2~~ ~~holds~~hold office as a director of, or ~~holds~~hold any other office or employment with, any other Eligible Institution which is a shareholder;

71.1.3 ~~80.1.3~~ ~~participates~~participate in any scheme, transaction or arrangement for the benefit of the employees or former employees of the Company or any other member of the LCH Group or the LSEG Group (including any pension fund or retirement, death or disability scheme or other bonus or employee benefit scheme); or

71.1.4 ~~80.1.4~~ ~~is~~are interested directly or indirectly in any shares or debentures (or any rights to acquire shares or debentures) in the Company or any other member of the LCH Group or the LSEG Group.

and such authorisation shall also apply to a conflicting interest or duty that subsequently arises as a result of such office, employment, participation or interest.

Directors' interests other than in relation to transactions or arrangements with the Company - authorisation under section 175 of the Act

71.2 ~~80.2~~ The Independent Directors (in consultation with the Head of Compliance and Public Affairs (or his or her designee)) may, in accordance with article ~~90~~81 and ~~92-2,~~83.2, authorise any matter proposed to them which would, if not so authorised, involve a breach of duty by a director under section 175 of the Act.

71.3 ~~80.3~~ Any authorisation under article ~~80-2~~71.2 will be effective only if:

71.3.1 ~~80.3.1~~ any requirement as to the quorum at the meeting at which the matter is considered is met without counting the director in question or any other director interested in the matter under consideration; and

71.3.2 ~~80.3.2~~ the matter was agreed to without such directors voting or would have been agreed to if such directors' votes had not been counted.

71.4 ~~80.4~~ The directors may give any authorisation under article ~~80-2~~71.2 upon such terms as they think fit. The directors may vary or terminate any such authorisation at any time.

71.5 ~~80.5~~ For the purposes of this article ~~80.71~~, a conflict of interest includes a conflict of interest and duty and a conflict of duties, and interest includes both direct and indirect interests.

Confidential information and attendance at directors' meetings

71.6 ~~80.6~~ A director shall be under no duty to the Company with respect to any information which ~~he obtains~~they obtain or ~~has have~~ obtained otherwise than as a director of the Company and in respect of which ~~he owes~~they owe a duty of confidentiality to another person. In particular the director shall not be in breach of the general duties ~~he owes~~they owe to the Company by virtue of sections 171 to 177 of the Act if ~~he~~they:

71.6.1 ~~80.6.1 fails~~fail to disclose any such information to the directors or to any director or other officer or employee of the Company; or

71.6.2 ~~80.6.2 does~~do not use or apply any such information in performing ~~his~~their duties as a director of the Company.

However, to the extent that ~~his~~their relationship with that other person gives rise to a conflict of interest or possible conflict of interest, this article ~~80.6~~71.6 applies only if the existence of that relationship has been authorised pursuant to article ~~80.1~~71.1, authorised by the directors pursuant to article ~~80.2~~71.2 or authorised by the members (subject, in any such case, to any terms upon which such authorisation was given).

71.7 ~~80.7~~ Where the existence of a director's relationship with another person has been authorised pursuant to article ~~80.1~~71.1, authorised by the directors pursuant to article ~~80.2~~71.2 or authorised by the members and ~~his~~their relationship with that person gives rise to a conflict of interest or possible conflict of interest, the director shall not be in breach of the general duties ~~he owes~~they owe to the Company by virtue of sections 171 to 177 of the Act if at ~~his~~their discretion or at the request or direction of the directors or any committee of directors ~~he~~they:

71.7.1 ~~80.7.1 absents himself~~absent themselves from a meeting of directors or a committee of directors at which any matter relating to the conflict of interest or possible conflict of interest will or may be discussed or from the discussion of any such matter at a meeting or otherwise; or

71.7.2 ~~80.7.2 makes~~make arrangements not to receive documents and information relating to any matter which gives rise to the conflict of interest or possible conflict of interest sent or supplied by or on behalf of the Company or for such documents and information to be received and read by a professional adviser on ~~his~~their behalf,

for so long as ~~he~~they reasonably ~~believes~~believe such conflict of interest (or possible conflict of interest) subsists.

71.8 ~~80.8~~ The provisions of articles ~~80.6~~71.6 and ~~80.7~~71.7 are without prejudice to any equitable principle or rule of law which may excuse the director from:

71.8.1 ~~80.8.1~~ disclosing information, in circumstances where disclosure would otherwise be required under these articles; or

71.8.2 ~~80.8.2~~ attending meetings or discussions or receiving documents and information as referred to in article ~~80-7,71.7~~, in circumstances where such attendance or receiving such documents and information would otherwise be required under these articles.

Declaration of interests in proposed or existing transactions or arrangements with the Company

71.9 ~~80.9~~—A director who is in any way, directly or indirectly, interested in a proposed transaction or arrangement with the Company shall declare the nature and extent of ~~his~~their interest to the other directors before the Company enters into the transaction or arrangement.

71.10 ~~80.10~~—A director who is in any way, directly or indirectly, interested in a transaction or arrangement that has been entered into by the Company shall declare the nature and extent of ~~his~~their interest to the other directors as soon as is reasonably practicable, unless the interest has already been declared under article ~~80-9~~71.9.

71.11 ~~80.11~~—Any declaration required by article ~~80-9~~71.9 may (but need not) be made at a meeting of the directors or by notice in writing in accordance with section 184 of the Act or by general notice in accordance with section 185 of the Act. Any declaration required by article ~~80-10~~71.10 must be made at a meeting of the directors or by notice in writing in accordance with section 184 of the Act or by general notice in accordance with section 185 of the Act.

71.12 ~~80.12~~—If a declaration made under article ~~80-9~~71.9 or ~~80-10~~71.10 proves to be, or becomes, inaccurate or incomplete, a further declaration must be made under article ~~80-9~~71.9 or ~~80-10~~71.10, as appropriate.

71.13 ~~80.13~~—A director need not declare an interest under this article ~~80~~71:

71.13.1 ~~80.13.1~~ if it cannot reasonably be regarded as likely to give rise to a conflict of interest;

71.13.2 ~~80.13.2~~ if, or to the extent that, the other directors are already aware of it (and for this purpose the other directors are treated as aware of anything of which they ought reasonably to be aware);

71.13.3 ~~80.13.3~~ if, or to the extent that, it concerns terms of his service contract that have been or are to be considered by a meeting of the directors or by a committee of the directors appointed for the purpose under these articles; or

71.13.4 ~~80.13.4~~ if the director is not aware of ~~his~~their interest or is not aware of the transaction or arrangement in question (and for this purpose a director is treated as being aware of matters of which ~~he~~they ought reasonably to be aware).

Ability to enter into transactions and arrangements with the Company notwithstanding interest

71.14 ~~80.14~~—Subject to the provisions of the Act and Regulatory Requirements and provided that ~~he has~~they have declared the nature and extent of any direct or indirect interest ~~of his~~ in accordance with this article ~~80,71~~, where article ~~80-13~~71.13 applies and no

declaration of interest is required, or where article ~~80-1~~71.1 applies, a director notwithstanding ~~his~~their office;

71.14.1 ~~80.14.1~~ may be a party to, or otherwise be interested in, any transaction or arrangement with the Company or in which the Company is directly or indirectly interested;

71.14.2 ~~80.14.2~~ may act by ~~himself~~themselves or through ~~his~~their firm in a professional capacity for the Company (otherwise than as auditor), and in any such case on such terms as to remuneration and otherwise as the directors may decide; or

71.14.3 ~~80.14.3~~ may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise be interested in, any body corporate in which the Company is directly or indirectly interested.

Remuneration and benefits

71.15 ~~80.15~~ A director shall not, by reason of ~~his~~their office, be accountable to the Company for any remuneration or other benefit which ~~he derives~~they derive from any office or employment or from any transaction or arrangement or from any interest in any body corporate;

71.15.1 ~~80.15.1~~ the acceptance, entry into or existence of which has been authorised pursuant to article ~~80-1, 71.1,~~ authorised by the directors pursuant to article ~~80-2~~71.2 or authorised by the members (subject, in any such case, to any terms upon which such authorisation was given); or

71.15.2 ~~80.15.2~~ which ~~he is~~they are permitted to hold or enter into pursuant to article ~~80-14~~71.14 or otherwise pursuant to these articles,

nor shall the receipt of any such remuneration or other benefit constitute a breach of ~~his~~their duty under section 176 of the Act. No transaction or arrangement authorised or permitted pursuant to article ~~80-1, 80-2~~71.1, 71.2 or ~~80-14~~71.14 or otherwise pursuant to these articles shall be liable to be avoided on the ground of any such interest or benefit.

Provision of Information

71.16 ~~80.16 Subject to the terms of the Relationship Agreement~~Save in respect of any director nominated by LSEG, a director appointed by a shareholder of the Parent Company (or that director's alternate) may not provide to the shareholder(s) of the Parent Company which appointed ~~him~~them any information which he or she receives by virtue of being a director without the consent of a majority of the Independent Directors. The Independent Directors may give such consent either generally or in relation to specific information, and may vary or withdraw such consent at their absolute discretion.

72. ~~81.~~ **INTERESTS OF ALTERNATE DIRECTORS**

For the purposes of article ~~80,~~71, in relation to an alternate director, the interest of ~~his~~their appointor is treated as the interest of the alternate director in addition to any interest which the alternate director otherwise has. Article ~~80~~71 applies to an alternate director as if ~~he~~they were a director otherwise appointed.

DIRECTORS' GRATUITIES AND PENSIONS

73. ~~82.~~ DIRECTORS' PENSIONS AND OTHER BENEFITS

The directors may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any director who has held but no longer holds any executive office or employment with the Company or with any body corporate which is or has been a member of the LCH Group or a predecessor in business of the Company or of any such member of the LCH Group, and for any member of ~~his~~their family (including a spouse and a former spouse) or any person who is or was dependent on ~~him~~them, and may (as well before as after ~~he ceases~~they cease to hold such office or employment) contribute to any fund and pay premiums for the purchase or provision of any such benefit.

PROCEEDINGS OF DIRECTORS

74. ~~83.~~ DIRECTORS' MEETINGS

Subject to the provisions of the articles, the directors may regulate their proceedings as they think fit. A director may, and the secretary at the request of a director shall, call a meeting of the directors. Every director (or their alternates) shall receive notice of a meeting, whether or not ~~he is~~they are absent from the United Kingdom. Notice of a meeting of directors is deemed to be duly given to a director if it is given to ~~him~~them personally or by word of mouth or in electronic form to an address given by ~~him~~them to the Company for that purpose or sent in writing to ~~him~~them at ~~his~~their last known address or other address given by ~~him~~them to the Company for that purpose. A director may waive the requirement that notice be given to ~~him~~them of a meeting of directors or a committee of directors, either prospectively or retrospectively. Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman shall have a second or casting vote. A director who is also an alternate director shall be entitled in the absence of ~~his~~their appointor to a separate vote on behalf of ~~his~~their appointor in addition to ~~his~~their own vote.

75. ~~84.~~ PARTICIPATION BY TELEPHONE

A director or ~~his~~their alternate director may participate in a meeting of directors or a committee of directors through the medium of conference telephone or similar form of communications equipment if all persons participating in the meeting are able to hear and speak to each other throughout the meeting. A person participating in this way is deemed to be present in person at the meeting and is counted in a quorum and entitled to vote. Subject to the Act, all business transacted in this way by the directors or a committee of directors is for the purposes of the articles deemed to be validly and effectively transacted at a meeting of the directors or of a committee of directors although fewer than two directors or alternate directors are physically present at the same place. The meeting is deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is.

76. ~~85.~~ **QUORUM**

The quorum for the transaction of the business of the directors may be fixed by the directors or these articles and unless so fixed at any other number shall be two. A person who holds office only as an alternate director shall, if ~~his~~their appointor is not present, be counted in the quorum.

77. ~~86.~~ **CHAIRMAN**

The directors may appoint one of their number to be the chairman of the ~~board of directors~~Board and may at any time remove ~~him~~them from that office. Unless ~~he is~~they are unwilling to do so, the director so appointed shall preside at every meeting of directors at which ~~he is~~they are present. But if there is no director holding that office, or if the director holding it is unwilling to preside or is not present within fifteen minutes after the time appointed for the meeting, the directors present may appoint one of their number to be chairman of the meeting.

78. ~~87.~~ **VALIDITY OF PROCEEDINGS OF DIRECTORS OR COMMITTEE**

All acts done by a meeting of directors, or of a committee of directors, or by a person acting as a director shall be valid notwithstanding that it is afterwards discovered that there was a defect in the appointment of any director or that any of them were disqualified from holding office, or had ceased to hold office, or were not entitled to vote on the matter in question.

79. ~~88.~~ **RESOLUTION IN WRITING**

A resolution in writing signed by all the directors entitled to receive notice of a meeting of directors or of a committee of directors, who would have been entitled to vote on the resolution at the meeting and not being less than a quorum, shall be as valid and effectual as if it has been passed at a meeting of directors or (as the case may be) a committee of directors duly convened and held. The resolution may consist of several documents in the like form each signed by one or more directors. A resolution signed by an alternate director need not also be signed by ~~his~~their appointor and, if it is signed by a director who has appointed an alternate director, it need not be signed by the alternate director in that capacity.

80. ~~89.~~ **SOLE DIRECTOR**

If and for so long as there is a sole director of the Company:

80.1 ~~(a) he~~they may exercise all the powers conferred on the directors by the articles by any means permitted by the articles or the Act;

80.2 ~~(b)~~ for the purpose of article ~~86~~77 the quorum for the transaction of business is one; and

80.3 ~~(c)~~ all other provisions of the articles apply with any necessary modification (unless the provision expressly provides otherwise).

81. ~~90.~~ **POTENTIAL CONFLICT OF INTEREST**

Where there is a question as to the existence of a conflict of interest with respect to a director, pursuant to article ~~80,~~71, the matter shall be determined by the Independent Directors (in consultation with the Head of Compliance and Public Affairs (or his or her designee)) prior to the relevant meeting taking place in a fair, objective and non-discriminatory manner. In exceptional circumstances where it is not possible to convene a prior meeting of the Independent Directors, such determination shall be made by the Independent Directors present at the relevant meeting acting by simple majority, and if no majority decision can be reached, the Chairman shall have the casting vote. The decision of the Independent Directors (in consultation with the Head of Compliance and Public Affairs (or his or her designee)) or the Independent Directors present at the relevant meeting (as the case may be), shall be final and binding and not open to challenge by any director or shareholder.

82. ~~91.~~ **UNANIMOUS DECISIONS**

82.1 ~~91.1~~ A decision of the directors is taken in accordance with ~~articles 91-1 and 91-2~~ this article 82 when all eligible directors indicate to each other by any means that they share a common view on a matter. Such a decision may take the form of a resolution in writing, at least one copy of which has been signed by each eligible director or to which each eligible director has otherwise indicated agreement in writing.

82.2 ~~91.2~~ References in article ~~91-~~82.1 to eligible directors are to directors who would have been entitled to vote on the matter had it been proposed as a resolution at a directors' meeting but excluding any director whose vote is not to be counted in respect of the matter in question. A decision may not be taken in accordance with article ~~91-~~82.1 if the eligible directors would not have formed a quorum at such a meeting.

83. ~~92.~~ **DIRECTOR'S POWER TO PARTICIPATE IN DECISION ~~WHEN INTERESTED IN CONTRACT~~**

83.1 ~~92.1~~ Without prejudice to the director's disclosure obligations under the Act and these articles, but subject to articles ~~93-~~83.2 and ~~93-~~284.1 below, a director may:

83.1.1 ~~92.1.1~~ vote at any meeting of the directors or of a committee of the directors on any resolution and be counted in the quorum present at a meeting in relation to any resolution; or

83.1.2 ~~92.1.2~~ participate in any decision taken in accordance with articles ~~91-~~82.1 and ~~91-~~2,82.2,

concerning a transaction or arrangement with the Company or in which the Company is interested, or concerning any other matter in which the Company is interested, notwithstanding that the director is interested in that transaction, arrangement or matter or has in relation to it a duty which conflicts or may conflict with the interests of the Company in relation to it.

83.2 ~~92.2~~ If a majority of the Independent Directors (in consultation with the Head of Compliance and Public Affairs (or his or her designee)) determine that there is conflict of interest, pursuant to article ~~81,72~~, between:

83.2.1 ~~92.2.1~~ (i) a shareholder of the Parent Company which has appointed a director or which is otherwise connected to a director by virtue of ~~his~~their employment or directorship and (ii) the Company or any other member of the LCH Group due to litigation, arbitration or other dispute, or the proposed entry into, material variation or termination of a contract, between any member of the LCH Group and the conflicted shareholder of the Parent Company~~;~~; or

83.2.2 ~~92.2.2~~ (i) a conflicted shareholder of the Parent Company other than LSEG and (ii) the Company or any other member of the LCH Group due to a matter other than those set out in article ~~92-2-1~~83.2.1 above,

each of ~~92-2-1~~83.2.1 and ~~92-2-2~~83.2.2 being a "**Conflict Situation**", then any director appointed by or otherwise connected to such Conflicted Shareholder shall not be entitled to attend any meeting (or part of a meeting) or participate in discussions or vote on any resolution at meetings of the ~~board of directors~~Board or any committee of the ~~board of directors~~Board which relate to the relevant Conflict Situation, or to receive confidential information concerning such Conflict Situation, unless a majority of the Independent Directors in consultation with the Head of Compliance and Public Affairs (or his or her designee) agree otherwise.

84. ~~93.~~ **COMPETITIVELY SENSITIVE INFORMATION**

84.1 ~~93.1~~ If a majority of the Independent Directors determine in good faith that, in order to prevent a breach of applicable competition law or regulation, a director appointed by or otherwise connected to a particular shareholder of the Parent Company (or that director's alternate) should not have access to competitively sensitive information concerning a particular Eligible Institution, the relevant shareholder director shall not be entitled to receive such competitively sensitive information, attend any part of a meeting at which such competitively sensitive information is discussed, or participate in discussions or vote on any resolution at such a meeting (or a meeting of any committee of the ~~board of directors~~Board) relating to such competitively sensitive information, unless a majority of the Independent Directors agree otherwise.

84.2 ~~93.2~~ The Independent Directors may only make a determination pursuant to article ~~93~~84.1 on a case by case basis and:

84.2.1 ~~93.2.1~~ on their own initiative, provided that they have consulted the Company's legal advisers in advance of such determination and taken their views into account~~;~~; or

84.2.2 ~~93.2.2~~ if, following receipt by the Company of a written request from any Eligible Institution that a particular shareholder director should not have access to certain competitively sensitive information concerning such Eligible Institution, a majority of the Independent Directors determine, having obtained such legal advice as they consider appropriate, that such request is proportionate and not vexatious.

84.3 ~~93.3~~ Any restriction imposed pursuant to articles ~~93-1~~84.1 and ~~93-2~~84.2 shall be without prejudice to any rights of consent ~~under the LSEG Consent Matters and Minority Protection Reserved Matters, or any of LSEG's rights in connection with the Push Matters~~of LSEG set out in any governance document of the Company.

SECRETARY

85. ~~94.~~ SECRETARY

Subject to the Act, the secretary (if any) shall be appointed by the directors for such term, at such remuneration and upon such conditions as they may think fit, and any secretary so appointed may be removed by the directors.

MINUTES AND RESOLUTIONS

86. ~~95.~~ RECORDS OF PROCEEDINGS

86.1 ~~95.1~~ The directors shall cause minutes to be made in books kept for the purpose:

86.1.1 ~~(a)~~ of all appointments of officers made by the directors; and

86.1.2 ~~(b)~~ of all proceedings of general meetings of the Company, of the holders of any class of shares in the Company, and of the directors, and of committees of directors, including the names of the directors present at each such meeting.

86.2 ~~95.2~~ The Company shall keep records comprising copies of all resolutions of members passed otherwise than at general meetings and of details provided to the Company of decisions taken by a sole member.

86.3 ~~95.3~~ The directors shall cause records to be made in books kept for the purpose of all directors' written resolutions.

86.4 ~~95.4~~ All such records must be kept for at least 10 years (and in a readily accessible format for the first 2 years) from the date of the meeting or resolution or decision (as appropriate).

THE SEAL

87. ~~96.~~ APPLICATION OF SEALS

The seal shall only be used by the authority of the directors or of a committee of directors authorised by the directors. The directors may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined every such instrument shall be signed by a director and by the secretary or by a second director, or by one director in the presence of a witness who attests ~~his~~their signature.

DIVIDENDS

88. ~~97.~~ DIVIDENDS

88.1 ~~97.1~~ Subject to the Act, Regulatory Requirements and its fiduciary duties, the ~~board of directors~~Board shall by ordinary resolution declare dividends in accordance with the

respective rights of the members, but no dividend shall exceed the amount recommended by the directors, and pay dividends in a manner and in an amount sufficient to enable its Parent Company to make distributions on the Parent Company's ordinary shares pursuant to the Dividend Policy.

88.2 ~~97.2~~ Once a dividend has been declared it shall become a debt and the Company shall pay it promptly when due.

89. ~~98.~~ **INTERIM DIVIDENDS**

Subject to the Act, the directors may pay interim dividends if it appears to them that they are justified by the profits of the Company available for distribution. If the share capital is divided into different classes, the directors may pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividend as well as on shares which confer preferential rights with regard to dividend, but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears. The directors may also pay at intervals settled by them any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment. Provided the directors act in good faith they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

90. ~~99.~~ **ENTITLEMENT TO DIVIDENDS**

Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid, but, if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.

91. ~~100.~~ **CALLS OR DEBTS MAY BE DEDUCTED FROM DIVIDENDS**

The directors may deduct from a dividend or other amounts payable to a person in respect of a share any amounts due from ~~him~~ them to the Company on account of a call or otherwise in relation to a share.

92. ~~101.~~ **PAYMENTS OF DIVIDENDS IN SPECIE**

A general meeting declaring a dividend may, upon the recommendation of the directors, direct that it shall be satisfied wholly or partly by the distribution of assets and, where any difficulty arises in regard to such distribution, the directors may settle the same and in particular may issue fractional certificates and fix the value for distribution of any assets and may determine that cash shall be paid to any member upon the footing of the value so fixed in order to adjust the rights of members and may vest any assets in trustees.

93. ~~102.~~ **METHOD OF PAYMENT**

Any dividend or other moneys payable in respect of a share may be paid by telegraphic transfer or other electronic transmission to such bank account for the person(s) entitled

may direct in writing, or by cheque sent by post to the registered address of the person entitled or, if two or more persons are the holders of the share or are jointly entitled to it ~~by reason of the death or bankruptcy of the holder~~, to the registered address of that one of those persons who is first named in the register of members or to such person and to such address as the person or persons entitled may in writing direct and the directors may agree. Every cheque shall be made payable to the order of the person or persons entitled or to such other person as the person or persons entitled may in writing direct and payment of the cheque shall be a good discharge to the Company. Any joint holder or other person jointly entitled to a share as aforesaid may give receipts for any dividend or other moneys payable in respect of the share.

94. ~~103.~~ **DIVIDENDS NOT TO BEAR INTEREST**

No dividend or other moneys payable in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share.

95. ~~104.~~ **UNCLAIMED DIVIDENDS**

Any dividend which has remained unclaimed for 12 years from the date when it became due for payment shall, if the directors so resolve, be forfeited and cease to remain owing by the Company.

ACCOUNTS

96. ~~105.~~ **INSPECTION OF ACCOUNTS**

No member shall (as such) have any right of inspecting any accounting records or other book or document of the Company except as conferred by statute or authorised by the directors or by ordinary resolution of the Company.

CAPITALISATION OF PROFITS

97. ~~106.~~ **CAPITALISATION**

The directors may with the authority of an ordinary resolution of the Company:

97.1 ~~(a)~~ subject as provided in this article, resolve to capitalise any undivided profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of the Company's share premium account or capital redemption reserve;

97.2 ~~(b)~~ appropriate the sum resolved to be capitalised to the members who would have been entitled to it if it were distributed by way of dividend and in the same proportions and apply such sum on their behalf either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by them respectively, or in paying up in full unissued shares or debentures of the Company of a nominal amount equal to such sum, and allot the shares or debentures credited as fully paid to those members, or as they may direct, in those proportions, or partly in one way and partly in the other but the share premium account, the capital redemption reserve, and any profits which are not available for distribution may, for the purposes of this article, only be applied in paying up unissued shares to be allotted to members credited as fully paid;

- 97.3 ~~(e)~~ resolve that any shares so allotted to any member in respect of a holding by ~~him~~them of any partly-paid shares rank for dividend, so long as such shares remain partly paid, only to the extent that such partly-paid shares rank for dividend~~;~~;
- 97.4 ~~(d)~~ make such provision by the issue of fractional certificates or by payment in cash or otherwise as they determine in the case of shares or debentures becoming distributable under this article in fractions~~;~~; and
- 97.5 ~~(e)~~ authorise any person to enter on behalf of all the members concerned into an agreement with the Company providing for the allotment to them respectively, credited as fully paid, of any shares or debentures to which they may be entitled upon such capitalisation, any agreement made under such authority being binding on all such members~~;~~;

PROVISION FOR EMPLOYEES

98. ~~107.~~ **PROVISION FOR EMPLOYEES ON CESSATION OF BUSINESS**

The directors may exercise the powers conferred on the Company by the Act to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiary undertakings (other than a director or former director or shadow director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the Company or that subsidiary undertaking~~;~~;

NOTICES AND COMMUNICATIONS

99. ~~108.~~ **FORM OF NOTICES AND COMMUNICATIONS BY THE COMPANY**

Save where these articles expressly require otherwise, any notice, document or information to be sent or supplied by the Company may be sent or supplied in accordance with the Act (whether authorised or required to be sent or supplied by the Act or otherwise) in hard copy form, in electronic form or by means of a website~~;~~;

100. ~~109.~~ **DEEMED DELIVERY WHERE NOTICE OR COMMUNICATION SENT BY POST**

100.1 A notice, document or information sent by post and addressed to a member at ~~his~~their registered address or address for service in the United Kingdom is deemed to be given to or received by the intended recipient ~~;~~;

100.1.1 24 hours after posting if pre-paid as first class; or

100.1.2 48 hours after ~~it was put in the post and in~~posting if pre-paid as second class.

In proving service it is sufficient to prove that the envelope containing the notice, document or information was properly addressed, pre-paid and posted~~;~~;

101. ~~110.~~ **DEEMED DELIVERY WHERE NOTICE OR COMMUNICATION SENT IN ELECTRONIC FORM**

A notice, document or information sent or supplied in electronic form to an address specified for the purpose by the member is deemed to have been given to or received

by the intended recipient 24 hours after it was sent, and in proving service it is sufficient to prove that the communication was properly addressed and sent.

102. ~~111.~~ **DEEMED DELIVERY WHERE NOTICE OR COMMUNICATION SENT BY WEBSITE**

A notice, document or information sent or supplied by means of a website is deemed to have been given to or received by the intended recipient when (i) the material was first made available on the website or (ii) if later, when the recipient received (or, in accordance with articles ~~109, 110~~ 100, 100.1 and ~~112,~~ 103, is deemed to have received) notification of the fact that the material was available on the website.

103. ~~112.~~ **DEEMED DELIVERY WHERE NOTICE OR COMMUNICATION SERVED OR DELIVERED**

A notice, document or information not sent by post but delivered by hand (which includes delivery by courier) to a registered address or address for service is deemed to be given on the day it is left. A notice, document or information served or delivered by the Company by any other means authorised in writing by the member concerned is deemed to be served when the Company has taken the action it has been authorised to take for that purpose.

104. ~~113.~~ **NOTICE IN CASE OF JOINT HOLDERS**

In the case of joint holders of a share, a notice, document or information shall be validly sent or supplied to all joint holders if sent or supplied to whichever of them is named first in the register of members in respect of the joint holding. Anything to be agreed or specified in relation to a notice, document or information to be sent or supplied to joint holders, may be agreed or specified by the joint holder who is named first in the register of members in respect of the joint holding.

105. ~~114.~~ **DEEMED RECEIPT WHERE PRESENT AT THE MEETING**

A member present at any meeting of the Company or of the holders of any class of shares in the Company shall be deemed to have received notice of the meeting, and, where requisite, of the purposes for which it was called.

106. ~~115.~~ **NOTICE BINDING ON TRANSFEREES ETC.**

Every person who becomes entitled to any share shall be bound by any notice in respect of that share which, before ~~his~~their name is entered in the register of members, has been given to the person from whom ~~he derives his~~they derive their title.

~~116. — NOTICE IN CASE OF ENTITLEMENT BY TRANSMISSION~~

~~A notice may be given by the Company to the persons entitled to a share in consequence of the death or bankruptcy of a member by sending or delivering it, in any manner authorised by the articles for the giving of notice to a member, addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt or by any like description, at the address, if any, supplied for that purpose by the persons claiming to be so entitled. Until such an address has been supplied, a notice may be~~

~~given in any manner in which it might have been given if the death or bankruptcy had not occurred~~

WINDING UP

107. ~~117.~~ WINDING UP OF THE COMPANY

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as ~~he~~they with the like sanction ~~determines~~determine, but no member shall be compelled to accept any assets upon which there is a liability.

INDEMNITY, DEFENCE COSTS AND INSURANCE

108. ~~118.~~ INDEMNITY OF OFFICERS AND FUNDING DIRECTORS' DEFENCE COSTS

108.1 ~~118.1~~ To the extent permitted by the Act and without prejudice to any indemnity to which ~~he~~they may otherwise be entitled, every person who is or was a director or other officer of the Company or an associated company (other than any person (whether or not an officer of the Company or an associated company) engaged by the Company or an associated company as auditor) shall be and shall be kept indemnified out of the assets of the Company against all costs, charges, losses and liabilities incurred by ~~him~~them (whether in connection with any negligence, default, breach of duty or breach of trust by ~~him~~them or otherwise as a director or such other officer of the Company or an associated company) in relation to the Company or an associated company or their affairs provided that such indemnity shall not apply in respect of any liability incurred by ~~him~~them:

108.1.1 ~~118.1.1~~ to the Company or to any associated company;

108.1.2 ~~118.1.2~~ to pay a fine imposed in criminal proceedings;

108.1.3 ~~118.1.3~~ to pay a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature (howsoever arising);

108.1.4 ~~118.1.4~~ in defending any criminal proceedings in which ~~he is~~they are convicted;

108.1.5 ~~118.1.5~~ in defending any civil proceedings brought by the Company, or an associated company, in which judgment is given against ~~him~~them; or

108.1.6 ~~118.1.6~~ in connection with any application under any of the following provisions in which the court refuses to grant ~~him~~them relief, namely:

- (a) section 661(3) or (4) of the Act (acquisition of shares by innocent nominee); or

(b) section 1157 of the Act (general power to grant relief in case of honest and reasonable conduct).

108.2 ~~118.2~~ In article ~~118-1-4, 118-1-5 or 118-1-6~~ 108.1.4, 108.1.5 or 108.1.6 the reference to a conviction, judgment or refusal of relief is a reference to one that has become final. A conviction, judgment or refusal of relief becomes final:

108.2.1 ~~118.2.1~~ if not appealed against, at the end of the period for bringing an appeal; or

108.2.2 ~~118.2.2~~ if appealed against, at the time when the appeal (or any further appeal) is disposed of.

An appeal is disposed of:

108.2.3 ~~118.2.3~~ if it is determined and the period for bringing any further appeal has ended; or

108.2.4 ~~118.2.4~~ if it is abandoned or otherwise ceases to have effect.

108.3 ~~118.3~~ To the extent permitted by the Act and without prejudice to any indemnity to which ~~he~~they may otherwise be entitled, every person who is or was a director of the Company acting in its capacity as a trustee of an occupational pension scheme shall be and shall be kept indemnified out of the assets of the Company against all costs, charges, losses and liabilities incurred by ~~him~~them in connection with the Company's activities as trustee of the scheme provided that such indemnity shall not apply in respect of any liability incurred by ~~him~~them:

108.3.1 ~~118.3.1~~ to pay a fine imposed in criminal proceedings; or

108.3.2 ~~118.3.2~~ to pay a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature (howsoever arising); or

108.3.3 ~~118.3.3~~ in defending criminal proceedings in which ~~he is~~they are convicted.

For the purposes of this article, a reference to a conviction is to the final decision in the proceedings. The provisions of article ~~118-2~~108.2 shall apply in determining when a conviction becomes final.

108.4 ~~118.4~~ Without prejudice to article ~~118-1~~108.1 or to any indemnity to which a director may otherwise be entitled, and to the extent permitted by the Act and otherwise upon such terms and subject to such conditions as the directors may in their absolute discretion think fit, the directors shall have the power to make arrangements to provide a director with funds to meet expenditure incurred or to be incurred by ~~him~~them in defending any criminal or civil proceedings or in connection with an application under section 661(3) or (4) of the Act (acquisition of shares by innocent nominee) or section 1157 of the Act (general power to grant relief in case of honest and reasonable conduct) or in defending ~~himself~~themselves in an investigation by a regulatory authority or against action proposed to be taken by a regulatory authority or to enable a director to avoid incurring any such expenditure.

109. ~~119.~~ **POWER TO PURCHASE INSURANCE**

109.1 ~~119.1~~ To the extent permitted by the Act, the directors may exercise all the powers of the Company to purchase and maintain insurance for the benefit of a person who is or was:

109.1.1 ~~(a)~~ a director, alternate director or a secretary of the Company or of a company which is or was a subsidiary undertaking of the Company or in which the Company has or had an interest (whether direct or indirect); or

109.1.2 ~~(b)~~ trustee of a retirement benefits scheme or other trust in which a person referred to in the preceding paragraph is or has been interested,

indemnifying ~~him~~them and keeping ~~him~~them indemnified against liability for negligence, default, breach of duty or breach of trust or other liability which may lawfully be insured against by the Company.

SOLE MEMBER

110. ~~120.~~ **SOLE MEMBER**

If and for so long as the Company has only one member:

110.1 ~~(a)~~ the sole member may agree that any general meeting, other than a meeting called for the passing of an elective resolution, be called by shorter notice than that provided for by the articles; and

110.2 ~~(b)~~ all other provisions of the articles apply with any necessary modification (unless the provision expressly provides otherwise).

Appendix II

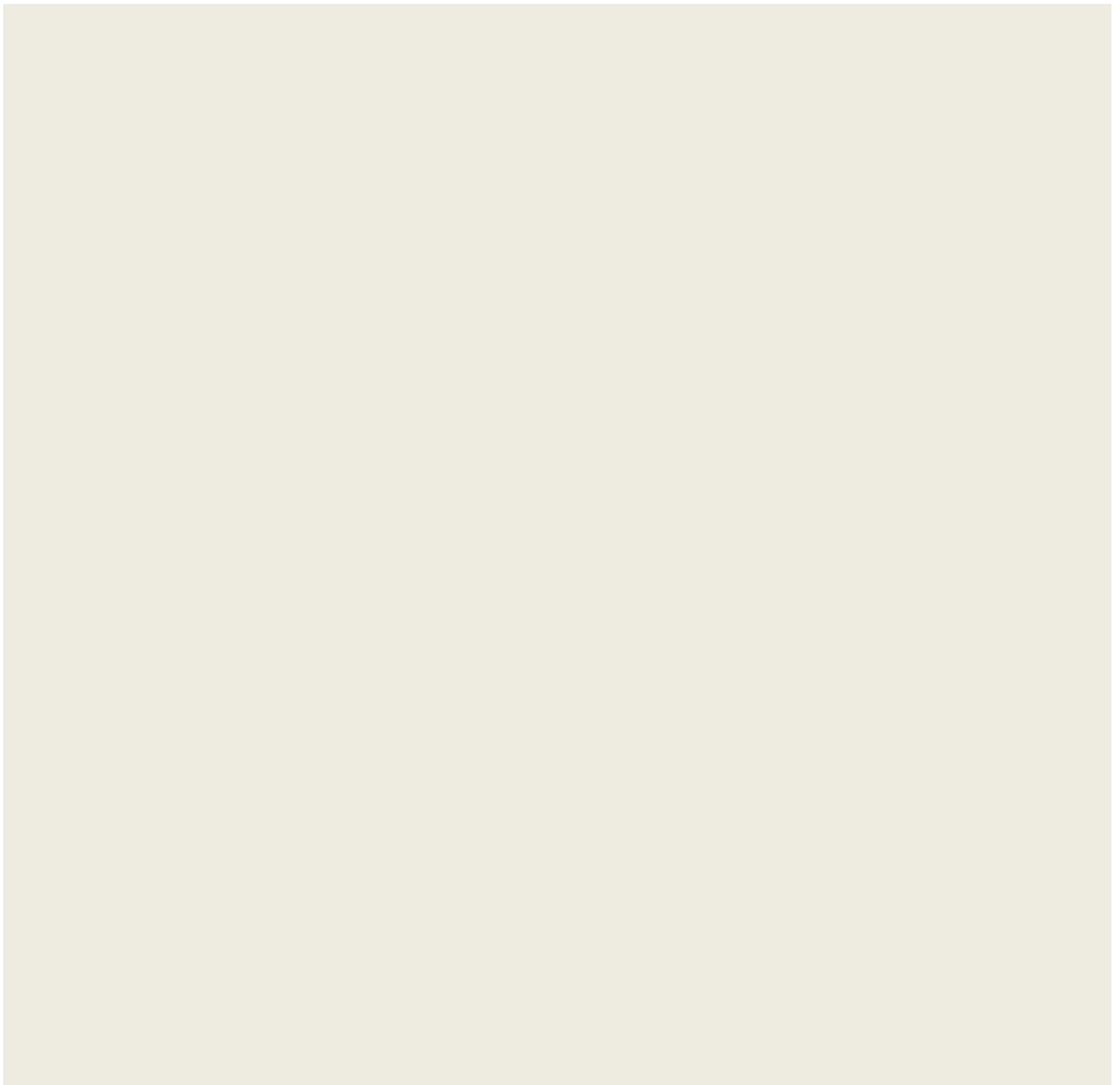
Board Reserved Matters, Executive Delegation and Management Team Composition

LCH Limited

Board Reserved Matters, Executive Delegation &
Management Team Composition

March [●] 2020

LCH The Markets'
Partner



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Executive Summary

This document supersedes the Delegated Authorities document adopted by the Board of LCH Limited (the “Company” or “Ltd”) in ~~November 2016~~. [March 2020](#).

This document brings together

- Board Reserved Matters;
- Executive Delegation; [and](#)
- Senior management and ~~Local~~ Management Committee Composition; ~~and~~.

Schedule of Matters Reserved for the Board of LCH Limited (the Company or Ltd)

Schedule of Matters Reserved to the Company's Board

This schedule sets out matters which may only be decided by the Company's board of directors (the Board); all decision makers within the Company are expected to comply with the spirit as well as the letter of this schedule and their attention is drawn to paragraph 12 ("**Interpretation**"). This schedule remains subject to the provisions of the Company's articles of association (the "**Articles**") and does not prevent the Board from:

- (i) delegating authority as it deems appropriate from time to time in accordance with the Articles; or
- (ii) having full access to relevant information which is outside the scope of these reserved matters.

~~In following this schedule, the Board shall have regard to the relevant provisions of the Relationship Agreement between LCH Group Holdings Limited ("LCH Group"), London Stock Exchange Group plc (LSEG) and London Stock Exchange (C) Limited (the "Relationship Agreement"), a briefing on which shall be given to each member of the Board on appointment.~~

1. BUSINESS MANAGEMENT AND STRATEGY

The Board is responsible for the overall management of the Company and the establishment of clear objectives and strategies for the Company.

The Board shall:

1.1 approve the Company's medium and long term business strategy and objectives as set out in the Company's annual budget;

1.2 approve the Company's annual operating and capital expenditure budget, subject to the consent of London Stock Exchange Group plc ("LSEG");

1.3 approve any material changes to the Company's budget (including any third party debt financing), subject to the consent of LSEG;

1.4 review the Company's performance in the light of the strategy, objectives, business plans and budgets approved by the Board and any subsequent revision and ensure that appropriate corrective action is taken;

1.5 approve any planned extension of the Company's activities through the launch of new products or through the launch of existing products in new geographical areas where new or novel risk is being introduced;

1.6 oversee the outsourcing arrangements (if any) of the Company;

1.7 approve the opening of a new branch or representative office of the Company, whether conducting clearing activities through such branch or office or otherwise; and

~~1.8 approve any type of joint venture arrangement between the Company and any third party;~~
1.9 in consultation with the Board of LCH Group Holdings Limited ~~and its subsidiaries (together the "Group") (as applicable)~~, approve/or recommend to shareholders (to the extent required by law);

1.8.1 any merger of the Company with a third party or the disposal of all or any material part of the Company's business;

1.8.2 any type of joint venture arrangement between the Company and any third party;

~~1.10 approve~~1.8.3 any acquisition of a business with a valuation representing 5 per cent. ~~Or~~ or more of the Company's net revenue stated in the last audited accounts published by the ~~Group;~~Company;

1.8.4 any decision to cease to operate all or any material part of the Company's business; and

~~1.11 in consultation with the other Group boards (as applicable), approve~~1.8.5 the planned extension of the Company's activities through the launch of new products or the launch of existing products in new geographic areas; ~~and~~1.12 in consultation with the other Group boards (as applicable), approve any decision to cease to operate all or any material part of the Company's business.

2. STRUCTURE AND CAPITAL

~~The~~Subject to the Company's articles of association, law and regulation, the Board shall approve:

2.1 any changes relating to the Company's share or regulatory capital structure including any reduction of capital, issue of shares or other securities and share buy-back;

2.2 any major changes to the Company's corporate structure such as the creation of new holding or subsidiary companies;

2.3 any changes to the Company's legal status; and

2.4 any changes to the Company's management and control structure.

3. CONTRACTS

~~The~~Subject to any LSEG consent right or the obligation to consult with the board of LCH Group Holdings Limited pursuant to paragraph 1 above, the Board shall approve:

3.1 any item of expenditure or the incurrence of any liability if such expenditure or liability is in excess of €10 million or results in the total limit on spending or costs set out in the annual budget exceeding the budgeted level by more than 10%;

3.2 material acquisitions and disposals, including in relation to intellectual property and the Company's various business segments and group undertakings. For the purposes of this paragraph, an acquisition or disposal shall be **material** if the value of the consideration or the assets which are the subject of the transaction exceed an aggregate amount of €10 million;

3.3 material borrowings and material capital expenditure. For the purposes of this paragraph:

3.3.1 **material borrowings** includes any new committed facilities (irrespective of the size of the borrowing) and any intra-day or over-night settlement bank and concentration bank facilities entered into for the purposes of the Company's clearing activities; and

3.3.2 capital expenditure shall be **material** if it exceeds an aggregate amount of €3 million; ~~and~~

3.4 material IT investments proposed to be made by the Company. IT investments shall be **material** if they exceed an aggregate amount of €23 million-, subject to the consent of LSEG; and

3.5 all outsourcing contracts.

4. FINANCIAL REPORTING AND CONTROLS

The Board shall ~~approve~~:

4.1 approve the Company's annual report and accounts;

4.2 ~~the declaration and payment of any interim and final dividend; and~~ approve any significant changes in accounting policies or practices; and

4.3 recommend or approve dividends in accordance with the Company's articles of association, taking into account the following factors:

4.3.1 applicable regulatory and regulatory capital requirements, including reasonable capital "buffers";

4.3.2 restrictions in any finance documents;

4.3.3 investment to support capital expenditure contemplated by the business plan and budget from time to time, including technology, taking into account future expected cash flows;

4.3.4 any requirement to fund employee pensions commitments and whether any dividend(s) would constitute a type A event for the purposes of the guidance issued by the UK Pensions Regulatory from time to time, and if so, appropriate mitigation; and

4.3.5 applicable laws.

4.4 The Board delegates responsibility to the CEO or his/her management team to provide to LSEG (subject to all laws and regulations (including antitrust laws and regulations)):

4.4.1 sufficient financial and other information that LSEG may reasonably require to meet any applicable reporting requirements or standards and LSEG's budgeting and forecasting processes; and

~~4.3 any significant changes in accounting policies or practices.~~ 4.4.2 the audited accounts for each financial year and monthly management reports.

5. RISK

5.1 The Board has overall responsibility for the establishment and oversight of the risk management of the Company and shall define, determine and document an appropriate level of risk tolerance and risk bearing capacity for the Company.

~~The~~ 5.2 Subject to paragraph 5.3, the Board shall approve:

~~5.1~~ 5.1.1 any change to the criteria for admission to clearing membership following recommendation from the Risk Committee;

~~5.2~~ 5.1.2 risk controls designed or adapted for the clearing of any new markets and products following recommendation from the Risk Committee in accordance with its terms of reference;

~~5.3~~ 5.1.3 any change in the size of the Default Fund following recommendation from the Risk Committee;

~~5.4~~ 5.1.4 any change to the Company's Default Fund Rules following recommendation from the Risk Committee;

~~5.5~~ 5.1.5 adoption of the LCH Group Risk Governance Framework;

~~5.6~~5.1.6 the Company's Financial Resource Adequacy Policy, Default Management Policy, Collateral Risk Policy, Investment Risk Policy, Liquidity Risk Policy, Settlement, Payment & Custody Risk Policy, Counterparty Credit Risk Policy, Contract and Market Acceptability Policy, Model Governance, Validation & Review Policy, Operational Risk Policy and Procyclicality Policy and any significant changes to those policies following recommendations from the Risk Committee;

~~5.7~~5.1.7 the Company's business continuity policy and disaster recovery plan, which shall be subject to independent reviews which are reported to the Board; and

~~5.8~~5.1.8 oversee the crisis management function of the Company.

5.3 Any matter which constitutes a material increase in the risk profile of the investment policy or capital management policy of the Company or which would result in a material decrease in the liquidity resources available to the Company will be subject to LSEG consent, provided that nothing in this paragraph will prevent the Company from taking such steps as are: (i) necessary or desirable to comply with any legal or regulatory requirements; or (ii) considered by the Company's Chief Risk Officer; or, in his or her absence, the CEO; or, in his or her absence, the Chairman of the Risk Committee, to be required to be taken in response to a default by a clearing member or members or adverse macro-economic event.

6. BOARD MEMBERSHIP AND OTHER APPOINTMENTS

The Board shall:

6.1 subject to the consent of LSEG, approve changes to the structure, size and composition of the Board upon recommendations from the Nomination Committee;

6.2 ensure adequate succession planning for the Board;

6.3 approve appointments to the Board further to recommendations from the Nomination Committee;

6.4 approve the appointment of the Chief Executive Officer of the Company;

6.5 decide on the appointment, reappointment or removal of the external auditor to be put to shareholders for approval, following the recommendation of the Audit Committee;

6.6 be responsible for the oversight of the Company's Chief Compliance Officer, internal audit function and Chief Risk Officer (all of which make reports directly to the Board);

6.7 in consultation with the Company's Chief Compliance Officer (or his or her designee) manage and authorise Director conflicts of interest in accordance with the Articles;

6.8 approve the appointment or removal of the Company Secretary; and

6.9 effectively monitor senior management of the Company.

7. REMUNERATION

The Board shall:

7.1 establish appropriate remuneration policies, with the assistance of the Remuneration Committee, having regard to the LCH Group and LSEG Group policies;

7.2 on the basis of the recommendation of the Remuneration Committee, by the Company's regulators, approve the remuneration policy for the Chairman of the Board, the Executive Directors of the Company, the Company's Chief Compliance Officer and any other senior executive personnel of the Company as decided by the Board;

7.3 determine the remuneration of the independent non-executive directors of the Company;

7.4 in consultation with the ~~other~~ board of LCH Group boards (as applicable) Holdings Limited, determine any material changes to the Company's pension arrangements.

8. DELEGATION OF AUTHORITY

The Board shall approve the terms of reference of Board committees and any changes thereto, subject to the consent of LSEG in respect of its rights under: (i) the terms of reference of the Nomination Committee and (ii) the rights of LSEG under the terms of reference of the Remuneration Committee, the Audit Committee and the Risk Committee.

9. INTERNAL CONTROLS

The Board shall:

9.1 oversee the compliance function and internal control function of the Company;

9.2 receive reports on and review the effectiveness of the Company's risk and control processes to support the Company's strategy and objectives;

9.3 undertake an annual review of these processes; and

9.4 approve an appropriate statement for inclusion in the annual report.

10. CORPORATE GOVERNANCE AND COMPLIANCE

The Board shall:

10.1 undertake an annual review of its own performance and that of its committees;

10.2 oversee compliance with applicable legal, regulatory and contractual requirements from time to time; and

10.3 take into account whether the Company has the necessary level of independence to meet its regulatory obligations (including having an appropriate conflicts policy in place).

11. RELATED PARTY TRANSACTIONS

Any contracts and agreements (including commercial and trading arrangements in the ordinary course of business) between the Company and LSEG or any of LSEG's subsidiaries (other than members of the LCH Group), will be subject to the prior approval of a committee of the Board consisting solely of the independent non-executive directors of the Company, which approval shall be given provided that the contract or agreement is on bona fide arm's length terms (and such committee's determination will be final).

12. MISCELLANEOUS

The Board shall:

~~11.1~~ 12.1 approve the making by the Company of political donations in accordance with the LCH Group Code of Conduct;

~~11.2~~ 12.2 approve the prosecution, defence or settlement of litigation worth at least €2,000,000

or otherwise material to the Company's interests (provided that the settlement of any litigation which could result in a payment to or by the Company in excess of €2,000,000 will be subject to LSEG consent); and

~~11.3~~ 12.3 review and approve any changes to this schedule from time to time, provided that any changes to LSEG's rights or any changes which would otherwise have a detrimental effect on LSEG's rights pursuant to this schedule will be subject to the consent of LSEG.

13. GROUP COMPLIANCE

13.1. In acknowledgement of LSEG's obligations under the Financial Conduct Authority's Listing Rules (from time to time), the Board will notify LSEG of any proposed transaction in relation to the Company or of which the Board is otherwise aware which may constitute for LSEG either:

13.1.1 a significant transaction under Listing Rule 10 (including, for example, any material acquisitions or disposals or providing a non-ordinary course indemnity to a third party); or

13.1.2 a related party transaction under Listing Rule 11 (including, for example, any proposed transaction or arrangement with (i) a person holding 10% or more of the voting rights in LSEG or any member of its group (or who held such voting rights in the past 12 months) and (ii) any director of LSEG or any member of its group (including for these purposes, any director of any LCH Group company), or who was such a director in the past 12 months),

and, if LSEG informs the Board that such proposed transaction does constitute a transaction (or other relevant matter) under Listing Rule 10 or 11, no such transaction will take place without the prior approval of LSEG.

12.14. INTERPRETATION

If there is any doubt as to whether a particular matter falls within the scope of this schedule, the matter shall be brought to the attention of the Company Secretary who shall refer it to the Company's Chairman. The Chairman, in ~~his~~their role as an Independent Director, shall then decide whether the matter referred to ~~him~~them is reserved for the Board and ~~his~~their decision shall be final.

Terms of Reference for Executive Delegation

1. Delegation

- 1.1 The Board resolved to delegate authority to the Chief Executive Officer of the Company (the CEO) on the terms set out in this document, with full power for the CEO to delegate such authority to such employees of the Company as the CEO may reasonably deem necessary or desirable (the Executive Delegation).
- 1.2 This Executive Delegation shall be read by reference to the Schedule of Matters Reserved to the Company's Board (any such matter being a Board Reserved Matter) and shall always be subject to any matter that, pursuant to the Company's articles of association or ~~the terms of any relationship agreement between LCH Group Holdings Limited and any of its shareholders, is (i)~~ law or regulation, is subject to the consent of any shareholder or group of shareholders of the Company or of LCH Group ~~or (ii) in relation to which, any shareholder of the Company or of LCH Group is able to require that a resolution be put to the Company's or LCH Group's shareholders.~~

2. Implementation of Strategy

Except as specified elsewhere in this Executive Delegation, or where applicable law or regulation requires a matter to be decided by the Board, the CEO shall be responsible for the day-to-day management of the Company in accordance with the annual business plan and budget agreed by the Board, always ensuring that sufficient resources are devoted to risk management. To the extent not set out in the annual business plan and budget, the CEO should determine, in consultation with the LCH Group Chief ~~Operating~~Executive Officer and other stakeholders within LCH, the key objectives in delivering the Company's strategy (consistent to that determined by the Board) and define plans and timescales for implementation of specific tasks and projects.

3. Control/Governance

The CEO is responsible for ensuring that proper financial and business control processes are implemented and exercised within the Company (consistent to those agreed with the Board) including those aspects of corporate governance delegated to ~~him~~them by the Board. In particular the CEO should ensure that annual budgets are set for businesses and cost centres; that proper approval and authority levels are established throughout the company and that business cases and plans are developed and approved for all major projects.

4. Management

- 4.1 The CEO shall be responsible for appointing in consultation with the LCH Group Chief Executive Officer, a management team reporting to the CEO, including without limitation the head of the Company's risk management function.
- 4.2 The CEO shall ensure that day-to-day risks posed to the Company by its clearing business are duly addressed, including operational risks.

5. Group engagement

The CEO will draw upon the input and expertise from the wider LCH Group (and in particular the LCH Group Chief ~~Operating~~Executive Officer) in making recommendations to the Ltd Board on matters such as strategy and the future product portfolio, but at all times retains

the authority to veto recommendations which might put the Ltd business at unacceptable risk or ~~as otherwise~~not in compliance with applicable law and regulation.

6. Reporting/Communication

~~6.1~~—The CEO will use reasonable efforts to stay informed and, in particular, shall instruct the Ltd management team to inform the CEO, of any matter:~~6.1.1 that is inconsistent with the Core Operating Principles of the Company; or 6.1.2~~— that, pursuant to the Company’s articles of association or ~~the terms of any relationship agreement between LCH Group and any of its shareholders~~law or regulation, is subject to the consent of any shareholder or group of shareholders of the Company or of LCH Group, ~~or in relation to which any shareholder of the Company or of LCH Group is able to require that a resolution be put to the Company’s or LCH Group’s shareholders,~~ and shall inform the Board of any such matter of which that person is aware, so that the Board is able to ensure that appropriate action is taken, including without limitation the obtaining of any relevant consents.

Senior Management

Introduction

The Company's senior management shall have at least the following responsibilities, in each case having regard to the safety and efficiency of the Company and the stability of the broader financial system and public interest considerations of stakeholders such as clearing members and their customers:

1. ensuring consistency of the Company's activities with the objectives and strategy of the Company as determined by the Board;
2. designing and establishing compliance and internal control procedures that promote the Company's objectives;
3. subjecting the internal control procedures to regular review and testing;
4. ensuring that sufficient resources are devoted to risk management and compliance;
5. be actively involved in the risk control process; and
6. ensuring that risks posed to the Company by its clearing and activities linked to clearing are duly addressed.

Role of the Chief Executive Officer

- 1 The CEO is responsible for managing the business of the Company, in accordance with the MTFP approved by the Board, incurring capital and revenue expenditure as appropriate to meet the objectives set out in the MTFP or as separately approved by the Board. The CEO may make decisions in all matters affecting the operations, performance and strategy of the Company's businesses, with the exception of those matters reserved to the Board or specifically delegated by the Board to its Committees or the Boards of its subsidiaries, if any.
- 2 The CEO accounts and reports to the Board and is responsible for:
 - a) the recommendation of objectives and strategy for the Company in the development of its business, having regard to the interests of the shareholder, customers and staff, and to the Company's public and social responsibilities at home and abroad;
 - b) the successful execution of strategy;
 - c) establishing, maintaining and implementing the risk management framework (embracing principles, policies, methodologies, systems, internal controls, processes, procedures and people) in line with the Board's approved appetite for risk (the extent and categories of risk which the Board regards as acceptable for the Company to bear);
 - d) the continuing review of the organisational structure of the Company and recommendations for changes; and
 - e) the optimum use and adequacy of the Company's resources.
- 3 The duties which derive from these responsibilities include:
 - a) the development and review of business unit objectives to ensure that the agreed Company objectives are likely to be achieved;
 - b) the presentation of the Company's budgets to the Board and, following their adoption, the achievement of the budgets;
 - c) ensuring that the roles and responsibilities of senior management, including delegation of authorities, are formalised;
 - d) ensuring the preparation by business units of plans concerning the recruitment, training and career development of personnel;
 - e) ensuring that senior management posts are filled in accordance with the long-term needs, including succession planning, of the Company;
 - f) in conjunction with the Chairman, the development of the Company's public relations policy;
 - g) ensuring the active liaison and co-ordination between business units;
 - h) being available to the auditors and internal audit;
 - i) ensuring that proper financial and business control is exercised within the Company including relevant aspects of corporate governance; and
 - j) ensuring that the Company's policies and procedures are followed and conform to the highest standards.
- 4 The CEO will keep the Chairman of the Board informed on all important matters.

Chief Executive Officer's Delegated Authority

Role

The CEO is responsible for managing Ltd's business. In accordance with the LCH Limited Executive Delegation ('Ltd Delegation'), the CEO may make decisions in all matters affecting the operations, performance and strategy of Ltd's business, with the exception of those matters reserved specifically for the Board.

General Authority

The CEO has general authority over all Ltd staff and to:

- exercise all the powers of the Ltd Board, save those matters reserved to the Ltd Board; and
- exercise power to achieve the objectives, policies, plans and budgets adopted from time to time by the Ltd and [LCH](#) Group Boards.

The CEO is authorised to approve any item of expenditure or the incurrence of any liability (including expenditure or liability in excess of any specifically budgeted amount) by the Company without further reference to the Board, if:

- such expenditure or liability does not exceed €10 million;
- such expenditure or liability does not result in the total limit on spending or costs set out in the annual business plan and budget exceeding the budgeted level by more than 10% ; and
- the relevant expenditure or liability is not a Board Reserved Matter,

provided that any expenditure or liability incurred in excess of any specifically budgeted amount would not be expected to be detrimental to the delivery of the then current annual budget or the annual business plan in subsequent years.

The CEO is authorised to pursue exploratory discussions for transactions that may involve expenditure or the incurrence of any liability by the Company that is in excess of the amount, or is not for a purpose that the CEO is authorised to approve, provided that no commitment in relation to such expenditure or liability is entered into without the approval of the Board and the Board is kept informed of the content of such discussions.

In addition, the CEO-~~Ltd~~ is the initial escalation point in the event of a conflict between a [LCH](#) Group Functional Head and the Limited Functional Head.

Sub-delegation of authority

Transactions in excess of the maximum expenditure limits must be referred to the Ltd Board and, if required, to the LCH Group Board. The CEO is authorised to delegate further a proportion of this authority (but not the whole) to other colleagues within the Ltd business as considered consistent with the roles and responsibilities clearly attributed to those individuals.

The CEO will draw upon the input and expertise from the wider Group (and in particular the LCH Group Chief ~~Operating~~[Executive](#) Officer) in making recommendations to the Ltd Board on matters such as strategy and the future product portfolio, but at all times retains the authority to veto recommendations which might put the Ltd business at unacceptable risk.

The CEO must not delegate calling a member into default, save that such authority is hereby delegated to the Chief Risk Officer of Ltd to act in an emergency in the event that the CEO is unavailable.

LCH Limited Management Team

The LCH Limited Management Team (the “Management Team”) is the highest functional management layer within the Company. Members of the Management Team derive their authorities from the CEO.

The Management Team is responsible for determining LCH Limited strategy, setting common objectives and priorities and leading its commercial agenda within LSEG Post Trade.

The composition of the Management Team is set out below:

1. CEO
2. Global Head of Rates, Securities and Collateral
3. Head of SwapClear and Listed Rates
4. Global Head of ForexClear
5. Global Head of Sales and Relationship Management, LCH Group
6. Chief Risk Officer
7. Chief Compliance Officer
8. Chief Finance Officer
9. Chief of Staff, LCH Limited
10. Chief Technology Officer
11. Head of Legal
12. Head of HR, LCH Ltd
13. Head of Americas and Post Trade COO
14. Head of Asia Pacific

Members of the Management Team each have a job description that sets out their respective roles and responsibilities.

Appendix III

Nomination Committee Terms of Reference

LCH LIMITED
(the *Company*)

**TERMS OF REFERENCE OF THE NOMINATION COMMITTEE
OF THE BOARD OF DIRECTORS**

Adopted by the board of directors on [•] 2020

1. BACKGROUND

The board of directors of the Company (the *Board*) has resolved to establish a nomination committee (the *Committee*) and to adopt these Terms of Reference with effect from the date set out above. These Terms of Reference address the nomination of certain directors to the Board and replace any previous terms of reference for any nomination committee of the Board.

2. PURPOSE

Board

2.1 The Committee shall make recommendations to the Board for nominations of the following candidates for appointment as directors of the Board:

2.1.1 the independent chairman of the Board (the *Chairman*);

2.1.2 up to four independent directors who meet the standards of independence set out in paragraph 6.3 (the *Independent Directors*);

2.1.3 up to three directors (the *User Directors*) associated with or connected to shareholders of LCH Group Holdings Limited (the *Parent Company* and together with its subsidiaries, the *LCH Group*) other than London Stock Exchange Group plc (*LSEG* and together with its subsidiaries (other than the LCH Group), the *LSEG Group*) or other exchanges, trading venues, multilateral trading facilities, alternative trading systems or similar (the *User Shareholders*); and

2.1.4 the director nominated by LSEG in accordance with paragraph 3.

2.2 The recommendations made by the Committee as set out in paragraph 2.1 shall (i) take into account the criteria set out in these Terms of Reference and (ii) be subject to any changes to the composition of the Board for regulatory purposes or as otherwise may be agreed by a majority of the directors of the Board from time to time, subject to LSEG consent.

- 2.3 The Board will also comprise:
- 2.3.1 the chief executive officer of the Parent Company (the *Group CEO*);
 - 2.3.2 the chief executive officer of the Company (the *Company CEO*) as proposed by the Group CEO; and
 - 2.3.3 the chief risk officer of the Parent Company as proposed by the Group CEO or such other LCH executive as may be proposed by the Group CEO.
- 2.4 The Committee shall regularly assess the structure, size, composition and performance of the Board, and shall make recommendations to the Board if any changes are considered necessary or desirable.

3. **LSEG DIRECTOR**

- 3.1 Without prejudice to any other rights which LSEG may have, LSEG has the right to appoint one LSEG director to the Board (the *LSEG Director*).
- 3.2 If the existing LSEG Director retires or is removed, LSEG shall propose to the Committee a candidate to be the replacement LSEG Director.
- 3.3 The Committee shall consider:
- (i) the seniority, experience, skill and expertise of each candidate; and
 - (ii) the regulatory good standing of each candidate.
- 3.4 The Committee shall recommend to the Board the appointment of the candidate proposed by LSEG unless it considers the candidate not to be appropriate based on the criteria set out in paragraph 3.3.

4. **EXECUTIVE MANAGEMENT TEAM**

The Company CEO will be responsible for appointing their own management team in consultation with the Group CEO.

5. **DUTIES AND POWERS OF THE COMMITTEE**

- 5.1 The Committee shall put forward candidates for appointment as directors in accordance with paragraphs 2 and 3 and coordinate any necessary succession planning in respect of the Chairman or directors of the Board.
- 5.2 The Committee will need to be satisfied that candidates understand the responsibilities of Board membership and will be able to devote the necessary time to Company matters.

- 5.3 The Committee will need to ensure that its recommended candidates are respected for their competence and are of good standing in their field of business and that such recommended candidates are not disqualified under any provisions of applicable law from serving on the Board.
- 5.4 The Committee shall make available to the Board on a regular basis all such information as is required to ensure that the Board is formally kept up to date with the actions, deliberations and determinations of the Committee.
- 5.5 The Committee will undertake any other tasks required of it by the Board.
- 5.6 The Committee is authorised by the Board to:
- (a) undertake any activity within its frame of reference;
 - (b) make whatever enquiries or solicit whatever further information it may need from nominees or employees of the Company or the LCH Group or elsewhere, in order to perform its duties;
 - (c) maintain a list of potential candidates and may discuss with any such candidate the Committee's requirements for nomination;
 - (d) obtain, at the Company's expense, outside legal or other professional advice on any matter within its Terms of Reference and to invite those persons to attend at meetings of the Committee; and
 - (e) delegate any of its powers to one or more of its members or the Committee Secretary.
- 5.7 The Committee will consult from time to time with the nomination committee of LCH SA to ensure that there is a coordinated process for the appointment of suitable directors to the Board and the board of directors of LCH SA.
- 5.8 The Committee shall keep itself informed of any changes in the laws and regulations applicable to the composition of the Board and the other matters for which the Committee is responsible.

6. PROCEDURES OF THE COMMITTEE

Appointment of the Chairman and the Independent Directors

- 6.1 The Committee shall set its own procedures when making decisions on recommendations in relation to the appointment of a new Chairman and/or the Independent Directors to the Board. However, as part of such procedures it will:

- (a) draw up a short-list of potential candidates whose suitability and willingness to be appointed should be explored in greater detail (and may engage a reputable firm of search consultants to recommend candidates);
 - (b) consult the Group CEO, the chief executive officer of LSEG and the chairman of LSEG (and may consult other persons who are not members of the Committee as appropriate) as to the suitability of the short-listed candidates being considered by the Committee, and if requested, arrange meeting(s) with short-listed candidates;
 - (c) with regard to the appointment of a new Chairman, consult with the Independent Directors in advance of making a recommendation to the Board.
- 6.2 When the Committee makes decisions on recommendations in relation to the appointment of a new Chairman to the Board, unless the Independent Directors on the Committee approve otherwise, the then current Chairman shall not be entitled to attend any part of a meeting of the Committee at which a candidate for the role is considered or to vote on whether a candidate should be short-listed or recommended to the Board for appointment.
- 6.3 In determining whether a person is fit for appointment as Chairman or as an Independent Director, the Committee shall consider whether such person is independent in character and judgment, and whether there are relationships or circumstances (including any with LSEG or any member of the LSEG Group and/or with any User Shareholder) which are likely to affect, or could appear to affect, such person's judgment. In addition, the Committee shall have regard to relevant factors which may include if such person has a relationship that would disqualify such person as a "public director" within the meaning of the CFTC Rules in force from time to time or as an "independent director" under any corporate governance standards applicable from time to time (including the Financial Reporting Council's UK Corporate Governance Code) or which the Board otherwise determines should be complied with in the interests of best practice corporate governance.
- 6.4 The Committee shall, as often as necessary in light of all the facts and circumstances, but at least annually, verify its determination made pursuant to paragraph 6.3 in respect of each Independent Director's fitness.
- 6.5 When the Committee makes decisions on recommendations in relation to the appointment of a new Independent Director to the Board, the Committee will take into account (amongst other things) that ideally there should be, amongst the Independent Directors:
- (a) a breadth of industry expertise and experience and product knowledge;

- (b) particular expertise and experience in each of (i) risk management, (ii) audit, (iii) clearing services and (iv) financial services; and
 - (c) diversity, including gender, age, geographical provenance, and educational and professional background.
- 6.6 When the Committee makes recommendations of Independent Director candidates, it shall state its reasons, identifying (if relevant) why it considers that the candidate is independent notwithstanding the existence of relationships or circumstances which may appear relevant to its determination as described in paragraph 6.3.

Appointment of User Directors

- 6.7 The Appendix to these Terms of Reference sets out the process whereby User Directors shall be nominated to the Board, including the approval rights of LSEG with respect to such appointees.

7. TENURE OF DIRECTORS

- 7.1 Each director (other than the Executive Directors and User Directors) shall in principle have a maximum tenure on the Board of three three-year terms. However, the Committee may nominate an Independent Director for such longer period as is necessary to ensure that not all such Independent Directors' appointments terminate at the same time.
- 7.2 All User Directors shall have a tenure on the Board of one three-year term, unless otherwise agreed by the Board to ensure that not all such User Directors' appointments terminate at the same time.
- 7.3 The terms of appointment of each User Director shall provide that such User Director must retire from the Board if any of the circumstances set out in subparagraphs 2(a) through 2(f) of the Appendix occurs.

8. MEMBERSHIP OF THE NOMINATION COMMITTEE

- 8.1 The Committee shall be appointed by the Board and the membership shall comprise the Chairman, at least two Independent Directors, one User Director and the LSEG Director or an LSEG representative, being any person of appropriate seniority and expertise as may be agreed from time to time between LSEG and the Chairman (the *LSEG NomCom Representative*).
- 8.2 The size of the Committee will be at the discretion of the Board and, for the current time, will comprise four to six directors.

- 8.3 The Chairman, or such other Independent Director as the independent directors and LSEG may agree, shall act as chairman of the Committee (the *Committee Chairman*). In the absence of the Committee Chairman and/or an appointed deputy at any meeting, the remaining members present shall elect one of themselves to chair the meeting from among the Independent Directors present.

9. **SECRETARY**

The Company secretary or his or her appointed nominee shall be secretary of the Committee (the *Committee Secretary*).

10. **TENURE OF NOMINATION COMMITTEE MEMBERS**

- 10.1 The Committee Chairman will keep the Committee's composition under review, and shall make proposals to the Board accordingly.
- 10.2 If a member of the Committee ceases to be a director of the Company, that person's membership of the Committee shall automatically cease.

11. **NOTICE OF MEETINGS**

- 11.1 Notice of meetings shall be given by the Committee Chairman, or the Committee Secretary at the request of the Committee Chairman.
- 11.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend prior to the date of the meeting in a timely manner. Supporting papers shall be sent to Committee members, and to other attendees as appropriate, at the same time.

12. **TIMING AND LOCATION OF MEETINGS**

The Committee shall meet at least twice a year and additional meetings shall be arranged as necessary in order to fulfil the duties of the Committee.

13. **ATTENDANCE AT MEETINGS**

- 13.1 Only members of the Committee have the right to attend Committee meetings. Other individuals, such as appropriate senior employees and/or external advisers, may attend all or part of any meeting, as and when appropriate, at the invitation of the Committee Chairman.
- 13.2 Members of the Committee may hold meetings in person, by telephone or by video conference or any combination of these. Decisions may also be made by e-mail circulation, providing that approval is unanimous.

14. **QUORUM**

The quorum for meetings shall be one Independent Director, one User Director and the LSEG Director or LSEG NomCom Representative (as relevant) on the Committee. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

15. **CONDUCT OF MEETINGS**

Except as outlined above, meetings of the Committee shall be conducted in accordance with the provisions of the Company's articles of association governing the proceedings of directors.

16. **MINUTES OF MEETINGS**

The Committee Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance, and such minutes shall be presented to the Committee for approval at the next following meeting.

17. **REPORTING**

17.1 The Committee Chairman shall report to the Board on the discussions, decisions and recommendations of the Committee.

17.2 The Committee shall produce to the Board for approval each year a summary of (i) its activities, (ii) the process used to make nominations, (iii) a description of its policy on diversity (including gender), any measurable objectives it has set for implementing the policy and progress on achieving such objectives and (iv) shall either explain if external advice or search consultants have not been used or, if they have been used, identify them and state whether they have a connection with the Company. Following such approval, that summary is to be included as a section in the Company's annual report.

17.3 The Committee Chairman, or his or her designee, will make available to the chief compliance officer of the Company (the *Chief Compliance Officer*) such information relating to the Committee's work as is necessary for the relevant Chief Compliance Officer to draft and submit the annual compliance reports required by the CFTC Rules and other applicable regulations in force from time to time.

18. **AMENDMENT**

These Terms of Reference may be amended with Board approval, subject to LSEG consent.

19. CONFIDENTIALITY AND CONFLICTS OF INTEREST

- 19.1 All confidential matters considered by the Committee and any confidential information disclosed to members of the Committee in connection with their position as a member of the Committee must remain confidential, notwithstanding the company to which that information relates, nor whether the member is a director of that company or not, save as required to be disclosed by law or regulation. Any other persons involved in the Committee's work shall either be bound by undertakings of professional secrecy or by ad hoc confidentiality agreements with the Committee.
- 19.2 Conflicts of interest relating to Committee members shall be governed by the relevant articles in the articles of association of the Company from time to time.

20. OTHER

- 20.1 The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required on all Committee matters.
- 20.2 Every member of the Committee shall be given a copy of these Terms of Reference.
- 20.3 The Committee shall be provided with appropriate and timely training, both as an induction process and on an ongoing basis, and provided with access to external consultancy support, when required.
- 20.4 To the extent these Terms of Reference conflict with the provisions of the articles of association of the Company (in force from time to time), the provisions of the articles of association shall prevail.

APPENDIX

Mechanism for Appointment of User Directors to the Board

1. Any User Shareholder which (i) is not connected with an existing director (other than a director who retires or is removed in accordance with paragraph 2(b), (d) or (e) below), and (ii) has not served notice terminating its clearing relationship with any member of the Group (an *Eligible User*) may be invited by the Board as it sees fit from time to time to nominate to the Committee a candidate for appointment as a User Director on the Board.
2. The Committee will recommend an individual to replace any User Director who:
 - (a) retires by rotation;
 - (b) retires of their own volition;
 - (c) retires or is removed as a result of the User Shareholder which nominated them ceasing to be an Eligible User;
 - (d) retires or is removed as a result of their ceasing to be employed by, or for any other reason upon request by, the User Shareholder which nominated them;
 - (e) retires or is removed following a change of role within the User Shareholder, if such role change would result in the User Director concerned no longer being able to maintain the relevant skill and expertise; or
 - (f) is disqualified or removed in accordance with the articles of association of the Company,together, *Retiring User Directors*.
3. The Committee will recommend the appointment of candidates to replace Retiring User Directors selected using the following process:
 - (a) The Committee will select which Eligible Users shall be invited to propose to the Committee a candidate or candidates to replace a Retiring User Director (each such Eligible User being a *Nominating User*). The Committee will review the list of Eligible Users that it considers most likely to promote the success of the Company and, in so doing, will have regard to the following factors (in no particular order):

- (i) the number of each Eligible User's contracts or trades (as the case may be) cleared by any member of the Group in the immediately preceding 12 months;
 - (ii) any other contribution made to the Group's business by each Eligible User, including without limitation assistance provided to the Group in the development of new projects and the introduction to the Group of new clearing clients;
 - (iii) the size of each Eligible User's shareholding in the Parent Company; and
 - (iv) how recently (if at all) the relevant Eligible User has been represented on any LCH Board, and the desirability of achieving a reasonably fair rotation of appointees among Eligible Users.
- (b) The Committee will invite each Nominating User to propose one or more candidate(s) for the role of User Director for consideration by the Committee.
- (c) Once the Committee has received details of a Nominating User's candidate(s), the Committee will decide whether to approve the relevant candidate(s) (or any of them) (each such candidate being an ***Approved Candidate***) and, in so doing, will have regard to the following factors:
- (i) the seniority, experience, skill and expertise of each candidate;
 - (ii) the regulatory good standing of each candidate;
 - (iii) the desirability of having deep expertise on a wide range of products on the Board, including those which pose the greatest risk challenges for the Company from time to time;
 - (iv) the desirability of having on the Board significant experience and expertise in the Company's principal markets; and
 - (v) the desirability of diversity on the Board, including gender, age, geographical provenance, and educational and professional background.
- (d) If the Committee fails to approve any candidate proposed by a Nominating User for appointment as a User Director, such Nominating User will be allowed time to nominate one or more alternative candidates for consideration by the Committee until the Committee has approved a candidate proposed by such Nominating User.

- (e) The Committee will select such number of Approved Candidates as is equal to the number of Retiring User Directors (the ***Proposed Directors***) for appointment as User Directors. The Committee will select those Approved Candidates that it considers to be most appropriate for the Board's needs in light of the factors set out at paragraphs 3(a) and 3(c) above. The Committee will then seek LSEG's approval of each Proposed Director.
- (f) If LSEG does not approve a Proposed Director then the Committee shall propose an alternative Proposed Director selected pursuant to paragraph 3(g)(i) or (ii) below but may nevertheless decide to propose such rejected Proposed Director to the Board together with the alternative Proposed Director selected pursuant to paragraph 3(g)(i) or (ii).
- (g) If LSEG does not approve a Proposed Director, the Nominating User concerned may:
 - (i) accept that the relevant Proposed Director should not be appointed as a User Director (in which case the Committee shall select another Proposed Director from among the Approved Candidates to be put to LSEG for its approval); or
 - (ii) propose one or more alternative candidates to be considered by the Committee on the basis set out above and, if approved by the Committee for appointment as a User Director, to be put to LSEG for its approval. However, the Committee will not be obliged to select such alternative candidate as a Proposed Director and may select another Approved Candidate as a Proposed Director in his or her place.
- (h) If LSEG approves a given Proposed Director, the Committee shall recommend the Proposed Director's appointment to the Board as a User Director.

Appendix IV

Technology, Security and Resilience Committee Terms of Reference

LCH LIMITED
(the *Company*)

**TERMS OF REFERENCE OF THE TECHNOLOGY, SECURITY AND RESILIENCE COMMITTEE
OF THE BOARD OF DIRECTORS (THE “COMMITTEE”)**

Adopted by the board of directors of the Company on [•] 2020

1. PURPOSE

- 1.1 The Technology, Security and Resilience Committee (LCH Limited TSR Committee) (the *Committee*) shall be appointed by the Board of Directors of the Company (the *Board*) and shall represent the interests of the Board in the sound management of technology security and operational resilience including cyber security to ensure that technology security and operational resilience strategies, investments and outcomes support the mission, values, and strategic goals of the Company.
- 1.2 The Committee shall determine whether management has put in place adequate strategies and plans which include appropriate management of technical, security, operational resilience and cyber risks that provide reasonable assurance that the company operates within its risk appetite and complies with regulatory requirements.
- 1.3 The Committee shall assist the Board in fulfilling its responsibility relating to:
 - 1.3.1 Review of the Company’s Operations and Technology Strategy;
 - 1.3.2 Review of significant investments in support of such strategy including application and infrastructure architecture;
 - 1.3.3 Review of the frameworks, policies and strategies that set the internal control environment in relation to technology, security and operational resilience;
 - 1.3.4 Review of the Operational Risk Management Framework;
 - 1.3.5 Review of the Company’s Strategy for Cyber Security and Information Security and for delivery of supporting programmes;
 - 1.3.6 Review the integration of Digital and Physical Security and their alignment with Business Continuity Plans;
 - 1.3.7 Review of and assessing of the Company’s maturity against existing and emerging concepts of security and resilience in order to support the development of strategy; and
 - 1.3.8 Providing regulatory attestations or declarations as may be required from time to time in relation to technology, security and operational resilience.

- 1.4 The Committee shall keep itself informed of any changes in the laws and regulations applicable to its function and of changes in guidance from within the broader Group.
- 1.5 The Committee shall provide time and capacity for discussions relating to the rapidly developing areas of technology, security and operational resilience in order to provide constructive challenge to the business and assurance to the Board through recommendations and advice. The Committee will help the Board strengthen business continuity management, risk management and regulatory compliance.
- 1.6 Nothing in these Terms of Reference shall diminish the responsibility of the Board to maintain ongoing review of the Company's technology, security and operational resilience policies as applicable.

2. STRUCTURE AND MEMBERSHIP

2.1 Composition

2.1.1 The Committee shall comprise no fewer than four directors of the Board, of which:

- (a) at least 50 per cent shall be independent non-executive directors of the Board, each of whom satisfies the criteria for independence set out in, the terms of reference of the Company's Nomination Committee (the **Independent Directors**) and one of such Independent Directors shall be appointed chairman of the Committee (the **Committee Chairman**); and
- (b) at least one shall be a member of the Audit Committee of the Company.

2.1.2 Members of the Committee shall ideally have significant, recent and relevant experience of the operations of LCH and its dependence on technology, but the Committee as a whole should have a breadth of experience to enable alignment with financial risk management, regulatory requirements and audit.

2.2 Other technology expert individuals, as considered appropriate by the Committee, may attend the meetings of the Committee on relevant matters from time to time, in a non-voting capacity.

2.3 Selection and Removal

2.3.1 Members of the Committee shall be selected and appointed by the Board at any time in consultation with the Committee Chairman.

2.3.2 The Board may remove members of the Committee with or without cause.

2.4 **Committee Chairman**

- 2.4.1 The Board normally elects the Committee Chairman. On an exceptional basis and in the absence of the appointed Committee Chairman, the Committee shall elect a substitute Committee Chairman from amongst its ranks by majority vote.
- 2.4.2 The Committee Chairman will keep the Committee's composition under review and shall make proposals to the Board accordingly.

2.5 **Secretary**

- 2.5.1 The secretary to the Committee (the **Committee Secretary**) shall be the Company Secretary or such other person as he or she may nominate.
- 2.5.2 The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required and, where deemed necessary or appropriate, to professional advisers.

2.6 **Notice of Meetings**

- 2.6.1 Notice of meetings shall be given by the Committee Chairman, or the Committee Secretary at the request of the Committee Chairman.
- 2.6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required or permitted to attend prior to the date of the meeting in a timely manner. Supporting papers shall be sent to Committee members, and to other attendees as appropriate, at the same time.

2.7 **Frequency of Meetings and Location**

The Committee shall meet as frequently as it determines necessary, but not less frequently than four times per year. Other than in exceptional circumstances, all meetings shall be held in one of the registered offices of the group entities. The Committee Chairman, or any other member of the Committee, may call meetings of the Committee.

2.8 **Attendance**

- 2.8.1 Only members of the Committee have the right to attend Committee meetings.
- 2.8.2 Members of the Company's executive and the Head of Internal Audit may attend the meetings by invitation as and when appropriate and necessary, in accordance with items on the agenda.

2.8.3 The Committee may hold meetings in person, by telephone or by video conference.

2.9 Quorum

The quorum for meetings shall be two members of the Committee, one of whom shall be an independent Non-Executive Director. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

For the purposes of fulfilling the quorum requirements, a member of the Committee may provide the Chairman or another member of the Committee with their proxy, provided that the proxy is notified to the Chairman and the Secretary prior to the meeting.

2.10 Conduct of Meetings

Except as outlined above, meetings of the Committee shall be conducted in accordance with the provisions of the Company's articles of association governing the proceedings of directors.

2.11 Remuneration

The remuneration of Committee members shall be as determined by the Board. No member of the Committee may receive any consulting, performance, advisory or other compensatory fee from the Company other than fees paid in his or her capacity as a member of the Board or as a member of a Committee of the Board.

3. REPORTS TO THE COMMITTEE

3.1 The Committee shall receive and review periodic management information for relevant operations and technology metrics and align its meeting schedule with the requirements of the Board.

4. AUTHORITY AND RESPONSIBILITIES

4.1 The Committee's role is one of review. The Committee will also provide support and alignment with other committees to the Board.

4.2 The Committee shall perform the following specific functions:

4.2.1 Review the Company's operations and technology strategy and policies including application and infrastructure architecture.

4.2.2 Review and, as appropriate, make recommendations to the Board regarding significant technology investments in support of the Company's technology strategy.

- 4.2.3 Review and, as appropriate, make recommendations to the Board regarding the resources and delivery of the Company's technology programmes.
- 4.2.4 Review any IT resilience, cyber and information security programmes, track progress in relation to such programmes and provide reports to the Board as appropriate.
- 4.2.5 Review any significant operations and technology risk exposures of the Company, including (i) review of any detailed operational risk assessments with significant IT elements (ii) information security and cyber security risks together with the steps management has taken to monitor and control such exposures.
- 4.2.6 Review and consider, where appropriate, the Company's risk management and risk assessment guidelines and policies regarding operations and technology risk.
- 4.2.7 Review the Company's integrated security and resilience, including review of any new or novel approaches to IT including security and resilience.
- 4.2.8 Review and receive reports from management regarding the Company's Business Continuity Management planning and develop oversight of Business continuity management and disaster recovery.
- 4.2.9 Receive reports, as appropriate, from the Audit Committee regarding the results of reviews and assessments of the Company's operations and technology functions.
- 4.2.10 Review and receive reports, as appropriate, on operations and agreed metrics in conjunction with the Audit Committee.
- 4.2.11 Review and receive reports on technology outsourcing.
- 4.2.12 Receive reports from management, as and when appropriate, on industry trends that may affect the Company's technology strategy.
- 4.2.13 Coordinate with Management and other Board Committees as may be necessary in discharging its authorities and responsibilities and provide reports to such other Board Committees as may be appropriate.
- 4.3 The Committee shall consider any other matters as directed by the Board.
- 4.4 The Chair of the LCH Limited TSR committee shall be a standing member of the Audit Committee and may be invited to attend the meetings of the Risk Committee on

relevant matters from time to time, in a non-voting capacity, and may make presentations to both Committees.

5. PROVISIONS FOR ACCESS

5.1 Access to Management

The Committee shall have full and unrestricted access to the Group's management and employees. All employees are directed to co-operate with any requests made by the Committee.

5.2 Access to Outside Advisers

The Committee is authorised by the Board, at its discretion, to obtain independent professional advice and to secure the assistance of outsiders with relevant expertise. This shall apply both to the Committee as a whole and to individual Committee members. Costs relating to the provision of advice shall be borne by the Company.

5.3 Access to Company Information

The Committee shall have full and unrestricted access to any systems, records, facilities or other data it requires from the Company or other members of the LCH Group in order to carry out its functions.

6. REPORTING

6.1 *Minutes / Agenda.* The Committee Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance, and such minutes shall be presented to the Committee for approval at the next following meeting.

6.2 *Board Reporting.* The Committee Chairman shall report the Committee's discussions, decisions and recommendations to the Board, which shall decide on an appropriate policy response.

6.3 The Committee shall have no executive powers with respect to those findings and recommendations.

6.4 *Annual Reports.* The Committee Chairman, or his or her designee, will make available to the Chief Compliance Officer of the Company such information relating to the Committee's work as is necessary for the Chief Compliance Officer of the Company to draft and submit the annual compliance reports required by applicable regulations in force from time to time.

7. CONFIDENTIALITY AND CONFLICTS OF INTEREST

7.1 All confidential matters considered by the Committee and any confidential information disclosed to members of the Committee in connection with their

position as a member of the Committee must remain confidential, notwithstanding the company to which that information relates, nor whether the member is a director of that company or not, save as required to be disclosed by law or regulation. Any other persons involved in the Committee's work shall either be bound by undertakings of professional secrecy or by ad hoc confidentiality agreements with the Committee.

- 7.2 Conflicts of interest relating to Committee members shall be governed by the relevant articles in the articles of association of the Company from time to time.
- 7.3 Any disagreement within the Board, including disagreement between the Committee's members and the rest of the Board, should be resolved at Board level. Where disagreements between the Committee and the Board cannot be resolved, the Committee has the right to report the issue to the shareholders through the Company's annual report.

Appendix V

Audit Committee Terms of Reference

LCH LIMITED
(the *Company*)

**TERMS OF REFERENCE OF THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS**

Adopted by the board of directors on ~~21 February~~
~~2019~~[\[•\] 2020](#)

1. PURPOSE

- 1.1 The Audit Committee (the *Committee*) shall be appointed by the Board of Directors of the Company (the *Board*) and shall represent the interests of the Board in the sound financial management and internal control management of the Company.
- 1.2 The Committee shall determine whether management has put in place adequate internal control systems that provide reasonable assurance that corporate objectives will be achieved and that the Company complies with applicable regulatory requirements, in force from time to time.
- 1.3 The Committee shall assist the Board in fulfilling its responsibility relating to:
 - 1.3.1 Review of the Company's audited financial statements;
 - 1.3.2 Review of the external auditor appointed by the Company (the *External Auditor*);
 - 1.3.3 Review of the Company's internal audit function;
 - 1.3.4 Review of the Company's regulatory compliance;
 - 1.3.5 Review the Company's compliance with its risk governance framework through review of the Enterprise Risk report
 - 1.3.6 Review of the Company's internal control environment including through review of Resilience Risk matters
- 1.4 The Committee shall keep itself informed of any changes in the laws and regulations applicable to the audit policy of the Company and the matters for which the Committee is responsible.
- 1.5 Nothing in these Terms of Reference shall diminish the responsibility of the Board to maintain ongoing review of the Company's audit policy.

2. STRUCTURE AND MEMBERSHIP

2.1 Composition

- 2.1.1 The Committee shall comprise no fewer than four non-executive directors of the Board, of which:
 - (a) no fewer than three shall be independent non-executive directors of the Board, each of whom has been appointed in accordance with, and satisfies the criteria for independence set out in, the terms of reference of the ~~LCH Group Holdings Limited~~[Company's](#) nomination committee (the *Independent Directors*) and one of such Independent Directors shall be appointed

chairman of the Committee (the **Committee Chairman**);

- (b) one shall be a member of the Risk Committee of LCH Limited;
- (c) one shall be a director associated with or connected to LCH Group Holdings Limited shareholders other than exchanges, trading venues, multilateral trading facilities, alternative trading systems or similar (**User Director**); and
- (d) ~~for so long as London Stock Exchange Group plc (**LSEG**) is entitled to exercise or control the exercise of at least 20 per cent. of the votes able to be cast on all or substantially all matters at general meetings of LCH Group Holdings Limited (**Material Interest**),~~ one shall be a director recommended or approved by London Stock Exchange Group plc (**LSEG**) (the **LSEG Director**) ~~(or, following the appointment of one independent non-executive director to the Board of LCH Group Holdings Limited by LSEG pursuant to Clause 10.10 of the Relationship Agreement between the Company and LSEG (**RA**),~~ or the LSEG chief financial officer, the LSEG chief risk officer or the LSEG head of audit, or any other person of appropriate seniority and expertise as may be agreed from time to time between LSEG and the Chairman of the Board (the **LSEG Audit Representative**)).

2.1.2 Members of the Committee shall ideally have significant, recent and relevant financial experience, either by virtue of their experience in the senior executive or non-executive management or regulation of another financial institution, or as an auditor or finance director (or holding that responsibility) within a different company. At least one Committee member should have a professional qualification from one of the professional accountancy bodies.

2.2 Selection and Removal

- 2.2.1 Subject to paragraph 2.1.1(d), members of the Committee shall be selected and appointed by the Board at any time in consultation with the Committee Chairman.
- 2.2.2 For the avoidance of doubt, the Committee Chairman may also be appointed as Chairman to the audit ~~committees of LCH Group Holdings Limited and~~ committee of LCH SA.
- 2.2.3 Subject to paragraph 2.1.1(d), the Board may remove members of the Committee with or without cause.

2.3 Committee Chairman

- 2.3.1 The Board normally elects the Committee Chairman. On an exceptional basis and in the absence of the appointed Committee Chairman, the Committee shall elect a substitute Committee Chairman from amongst its ranks by majority vote.
- 2.3.2 The Committee Chairman will keep the Committee's composition under review and shall make proposals to the Board accordingly.

2.4 Secretary

- 2.4.1 The secretary to the Committee (the **Committee Secretary**) shall be the Company secretary or such other person as ~~he~~they may nominate.
- 2.4.2 The Committee shall have access to sufficient resources in order to carry out its

duties, including access to the Company secretariat for assistance as required and, where deemed necessary or appropriate, to professional advisors.

2.5 Notice of Meetings

2.5.1 Notice of meetings shall be given by the Committee Chairman, or the Committee Secretary at the request of the Committee Chairman.

2.5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required or permitted to attend prior to the date of the meeting in a timely manner. Supporting papers shall be sent to Committee members, and to other attendees as appropriate, at the same time.

2.6 Frequency of meetings and location

The Committee shall meet as frequently as it determines necessary, but not less frequently than three times per year and otherwise as required. Other than in exceptional circumstances, all meetings shall be held in one of the registered offices of the Group entities. The Committee Chairman, or any other member of the Committee, may call meetings of the Committee. The External Auditor may request a special meeting at any time.

2.7 Attendance

2.7.1 Only members of the Committee have the right to attend Committee meetings.

2.7.2 Members of the Company's executive, the Head of Internal Audit of the Company and representatives of the External Auditor may attend the meetings by invitation as and when appropriate and necessary, in accordance with items on the agenda.

2.7.3 Members of the Committee may hold meetings in person, by telephone or by video conferences.

2.8 Quorum

The quorum for meetings shall be (i) the Committee Chairman, (ii) the User Director, (iii) ~~for so long as LSEG holds a Material Interest in LCH Group Holdings Limited,~~ the LSEG Director or, ~~following the appointment of one independent non-executive director to the Board of LCH Group Holdings Limited pursuant to Clause 10.10 of the RA, other~~ the LSEG Audit Representative and (iv) one other member of the Committee. Two of the directors present shall be Independent Directors and one shall have recent and relevant financial experience. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

2.9 Conduct of Meetings

Except as outlined above, meetings of the Committee shall be conducted in accordance with the provisions of the Company's articles of association governing the proceedings of directors.

2.10 Remuneration

The remuneration of Committee members shall be as determined by the Board. No member of the Committee may receive any consulting, performance, advisory or other compensatory

fee from the Company other than fees paid in his or her capacity as a member of the Board or as a member of a Committee of the Board.

3. AUTHORITY AND RESPONSIBILITIES

3.1 The Committee's role is one of review. The authority and responsibilities set forth do not reflect nor create any duty or obligation of the Committee to (i) plan or conduct any audit, although the Committee is responsible for agreeing the programme of audits proposed by the Internal Audit department and challenging the outcome of the audits, as appropriate, (ii) determine or certify that the Company's financial statements are complete, accurate, fairly presented, or in accordance with generally accepted accounting principles or applicable law, or (iii) guarantee the External Auditor's report.

3.2 The Committee will hold joint sessions of meetings with the audit ~~committees~~committee of LCH ~~Group Holdings Limited and LCH~~ SA from time to time as appropriate. All directors remain equally responsible for the affairs of the Company of which they are a director, as a matter of law.

3.3 The Committee shall perform the following specific functions:

3.3.1 *Review of the Company's Financial Statements*

The Committee shall review, discuss with and challenge where necessary the Company's management and the External Auditor with regard to the Company's audited financial statements and any other formal announcement relating to its financial performance, before their approval by the Board, notably concerning:

- (a) Compliance with accounting standards, policies, practices, legal requirements as well as any changes;
- (b) Major judgmental areas;
- (c) Any significant adjustments arising from the audit;
- (d) The "going-concern" assumption;
- (e) The proposed statement on the directors' review of the Company's system of internal control;
- (f) Other material written communication between the External Auditor and Company management.

3.3.2 *Review of the External Auditor*

(a) ~~Insofar that the same External Auditor is appointed in respect of both the Company and LCH Group Holdings Limited, it~~ will be the primary responsibility of the ~~Audit Committee of LCH Group Holdings Limited~~audit committee of LSEG for the selection, assessment of independence and review of the services and remuneration of the External Auditor ~~as defined in that Committee's terms of reference, being the auditor of the wider LSEG group.~~

(b) The Committee will retain the following responsibilities:

- (i) *Review.* The Committee shall have responsibility for the resolution of disagreements between Company management and the External Auditor

regarding financial reporting. It shall ensure that the External Auditor has the fullest co-operation of staff.

- (ii) *Access.* The Committee has the right to have direct access to the Company's External Auditor on a confidential basis at any time. It shall meet the External Auditor without executives of the Company being present at least once a year.
- (iii) *Reports.* The Committee shall review with the External Auditor:
 - (A) the final audit;
 - (B) any matters the External Auditor may wish to discuss;
 - (C) any representation letters required by the External Auditor before they are signed by management;
 - (D) the management letter and the responses from management; and
 - (E) compliance with any codes of conduct of corporate governance applicable from time to time or which the Board otherwise determines should be complied with to achieve best practice corporate governance standards.

3.3.3 *Review of the Company's Internal Audit Function*

The Committee shall regularly review the functioning of the Internal Audit department, notably concerning:

- (a) *Internal Audit Charter.* The Committee shall review from time to time, and no less frequently than once every three years, the Internal Audit Charter of the Company.
- (b) *Audit Planning.* The Committee shall review and confirm the annual audit plan prepared by the Internal Audit department after approval by the CEO of the Company and ahead of annual submission to the Company's regulator. In doing so, the Committee shall determine whether the audit programme provides appropriate coverage and may request any special tasks or projects to be included in the plan. The Committee shall also ensure that the plan is effectively coordinated with the External Auditor ~~and shall respond to any requests from the LCH Group Holdings Limited Audit Committee to vary the internal audit programme of work.~~
- (c) *Quality and Effectiveness.* The Committee shall monitor the quality and effectiveness of the Internal Audit department. An external review of Internal Audit will be conducted at least every five years. The Committee Chairman shall provide an annual appraisal of the Head of Internal Audit.
- (d) *Reporting line.* The Chairman of the Company shall, with the assistance of the advice and recommendations of the Committee, approve the appointment or termination of employment of the Head of Internal Audit of the Company and keep under review the reporting line to ensure independent operation of the department. In the event of an unresolved dispute between the executive and

Internal Audit, or in respect of any matter ~~he deems as being necessary~~, the Head of Internal Audit ~~of the Company~~ deems as being necessary, he or she has the absolute right to report directly to the Committee Chairman or any Committee member.

- (e) *Resources.* The Committee shall monitor the adequacy of resources within the Internal Audit department.
- (f) *Reporting.* The Head of Internal Audit shall report directly to the Committee Chairman (as well as, where appropriate, the Chairman of the Board). The Committee shall agree and receive regular reporting from the Internal Audit department including coverage of completed audit assignments, follow up of issues and planned progress. It shall meet the Head of Internal Audit of the Company regularly, and at least once a year without executives of the Company being present.

3.3.4 *Review of the Company's regulatory compliance*

The Committee shall:

- (a) review the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up actions;
- (b) review the Company's procedures for detecting and preventing financial crime including fraud, bribery and money-laundering;
- (c) discuss with management and the External Auditor any correspondence with regulators, which raise material issues regarding the Company's financial statements, accounting policies and/or internal control system;
- (d) monitor the Company's procedures for ensuring compliance with regulatory reporting requirements and its relationship with the relevant regulatory authorities;
- (e) review the performance of the Company's Chief Compliance Officer and make recommendations with respect to such performance to the Board; and
- (f) discuss legal matters that may have a material impact on the financial statements or on the Company's compliance policies.

3.3.5 *Review of the Company's Risk Management Framework*

- (a) Review the process for the annual validations of the Company's risk management models;
- (b) Review breaches of the Company's Risk Governance Framework approved by the Board; and
- (c) Commission and review audit reports relating to the risk management of the Company.

3.3.6 *Review of the Company's Internal Control Environment*

- (a) *Internal Control.* The Committee shall:
- (i) keep under review the Company's framework of internal controls and make recommendations for change to the Board;
 - (ii) consider internal reports on the operation of controls and the proposals for implementation of change and strengthening;
 - (iii) receive annually reports as required by law or regulation from time to time;
 - (iv) review at least once a year the provisions for business continuity and disaster recovery and the assessment of the effectiveness of the arrangements in place;
 - (v) review at least once a year the measures taken to control outsourced activities and any risks the Company may incur; and
 - (vi) determine whether the risk internal control and compliance resources are adequate and whether such controls and monitoring have appropriate standing within the Company.
- (b) *Issues.* The Committee shall consider any major findings, and management response(s) arising from internal audits, external audits, management reporting and internal investigations, and any other reviews carried out (including recommendations from regulatory authorities) and take appropriate actions, which include escalating issues to the Board where appropriate.

3.3.7 *Coordination with ~~the Group Audit Committee and Limited Risk Committee~~*

~~(a) — The work of the Committee is complementary to that of the Audit Committee of LCH Group Holdings Limited. It will be that Committee's responsibility to consider issues at the Group level.~~

~~(b) — Internal audits, external audits, investigations and reviews carried out under the auspices of (and contained in the relevant reporting to) the Committee will include control areas responsible for executing the policies and methodologies set by the Company's Risk Committee.~~

~~3.3.8 — Other Subjects~~

3.3.8 ~~(a)~~ *Board Direction.*

The Committee shall consider any other matters as directed by the Board.

4. PROVISIONS FOR ACCESS

4.1 Access to Management

The Committee shall have full and unrestricted access to the Company's management and employees, and to the Company's Internal and External Auditor. All employees are directed to co-operate with any requests made by the Committee.

4.2 Access to Outside Advisers

The Committee is authorised by the Board, at its discretion, to obtain independent professional advice and to secure the assistance of outsiders with relevant expertise. This shall apply both to the Committee as a whole and to individual Committee members. Costs relating to the provision of advice shall be borne by the Company.

4.3 Access to Company Information

The Committee shall have full and unrestricted access to (i) any systems or facilities of the Company and of the LCH group (the **Group**) and (ii) any books, records or other data it requires from the Company and from the Group in order to carry out its functions.

5. REPORTING

- 5.1 *Minutes / Agenda.* The Committee Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance. ~~Minutes of Committee meetings, and such minutes shall be circulated promptly to all members of~~ presented to the Committee ~~and, once agreed, to all members of the Board unless it would be inappropriate to do so.~~ for approval at the next following meeting.

Board Reporting

- 5.2 The Committee Chairman shall report the Committee's discussions, decisions and recommendations to the Board, which shall decide on an appropriate policy response.
- 5.3 The Committee shall have no executive powers with respect to those findings and recommendations.
- 5.4 The Committee shall ensure that the Board is regularly informed of the adequacy of key control systems in the financial, operational and compliance-related areas.

Annual Reports

- 5.5 The Committee Chairman, or his or her designee, will make available to the Chief Compliance Officer of the Company such information relating to the Committee's work as is necessary for the Chief Compliance Officer of the Company to draft and submit the annual compliance reports required by the CFTC Rules and other applicable regulations in force from time to time.
- 5.6 Where requested by the Board, the Committee should provide advice on whether the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Provision of information to LSEG

- 5.7 The Chairman of the Committee shall liaise regularly with the chairman of the audit committee of LSEG with a view to assisting LSEG in fulfilling its own audit requirements, including with respect to the information set out at paragraph 3.3.1 above ~~and as referred to in paragraph 5.9 below.~~
- 5.8 The Committee shall have regard for ~~LCH Group Holdings Limited's obligations under the RA to provide information to LSEG, in particular under clause 21 of the RA and in particular with regard to~~ LSEG's status as a listed issuer required to comply with the UK Corporate

Governance Code.

6. EDUCATION, TRAINING AND COMPETENCE

- 6.1 An induction programme shall be provided for new Committee members. This shall cover the role of the Committee, including its terms of reference and expected time commitment by members and an overview of the Company's business, identifying the main business and financial dynamics and risks.
- 6.2 The Committee shall be provided with appropriate and timely training, both as an induction process and on an ongoing basis, and provided with access to external consultancy support, when required.
- 6.3 Induction and training may be provided on a joint basis with ~~all or any of the audit committees of LCH Group Holdings Limited and~~ committee of LCH SA.

7. CONFIDENTIALITY AND CONFLICTS OF INTEREST

- 7.1 Without prejudice to any rights ~~LSEG may have in the RA of LSEG or its representatives under these Terms of Reference~~, all confidential matters considered by the Committee and any confidential information disclosed to members of the Committee in connection with their position as a member of the Committee must remain confidential, notwithstanding the company to which that information relates, nor whether the member is a director of that company or not, save as required to be disclosed by law or regulation. Any other persons involved in the Committee's work shall either be bound by undertakings of professional secrecy or by ad hoc confidentiality agreements with the Committee.
- 7.2 Conflicts of interest relating to Committee members shall be governed by the relevant articles in the articles of association of the Company from time to time.
- 7.3 Any disagreement within the Board, including disagreement between the Committee's members and the rest of the Board, should be resolved at Board level. Where disagreements between the Committee and the Board cannot be resolved, the Committee will report the issue ~~through the Audit Committee of LCH Group Holdings Limited~~ to the Board of LCH Group Holdings Limited.

8. ~~ANNUAL EVALUATION AND TERMS OF REFERENCE REVIEW~~ AMENDMENT

~~The Committee shall arrange for periodic reviews of its own performance and, at least annually, shall arrange for independent internal review of its constitution and~~

- 8.1 Subject to paragraph 8.2, these Terms of Reference ~~to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for~~ may only be amended with the approval of the Board.

- 8.2 Paragraphs 2.1(d), 2.8, 3.3.2(a), 5.7, 5.8, 7.1 and this paragraph 8.2 of these Terms of Reference may be amended only with approval of the Board and the consent of LSEG.

Appendix VI

Risk Committee Terms of Reference

LCH LIMITED
(the *Company*)

**TERMS OF REFERENCE OF THE RISK
COMMITTEE OF THE BOARD OF DIRECTORS**

Adopted by the board of directors on ~~10 May 2019~~[\[•\]](#)

1. COMPOSITION

1.1 The Risk Committee (the **Committee**) shall, subject to paragraph 1.4 below and subject to any co-option as referred to in paragraph 1.11 below, comprise:

1.1.1 such number of independent non-executive directors that is required from time to time each of whom has been appointed either (i) in accordance with, and satisfies the criteria for independence set out in, the terms of reference of the ~~LCH Group Holdings Limited (the Group)~~[Company's](#) nomination committee ([the **Nomination Committee**](#)) or (ii) in the case of the Vice Chairman of the Committee (the **Vice Chairman**), who has been appointed pursuant to paragraph 1.4 below, satisfies all applicable corporate governance standards of independence (each, an **Independent Director**). One of the Independent Directors will be the Chairman of the Committee (the **Committee Chairman**) nominated by the board of directors of the Company (the **Board**) and one will be the Vice Chairman of the Committee, if relevant, appointed pursuant to paragraph 1.4 below;

1.1.2 such number of members who represent a clearing member of the Company or part of the group to which a clearing member belongs that is required [by law or regulation](#) from time to time and who have significant expertise and experience in market, credit or liquidity risk management or other risk disciplines related to CCP risk management (each, a **User**); and

1.1.3 such number of end-client representatives of Users (who shall have significant expertise and experience in risk-related, audit, regulatory or compliance issues) that is required [by law or regulation](#) from time to time (each, a **Client**).

provided that: (1) the Committee Chairman is an Independent Director; (2) at least one but not more than 50% of Committee members are Independent Directors; (3) at least one but not more than 50% of Committee members are Users ; (4) at least one but not more than 50% of Committee members are Clients; and (5) no User or Client representatives are also employees of the Group ([as defined below](#)).

1.2 The following individuals may be invited to attend the meetings of the Committee on relevant matters from time to time, in a non-voting capacity:

1.2.1 the Chairman of the Audit Committee of the Company;

1.2.2 *ex officio* the Chief Executive Officer of the Company;

- 1.2.3 *ex officio* the Chief Risk Officer of the Company who shall be responsible for all technical issues and recommendations made to the Committee;~~1.2.4~~ ~~*ex officio* the Group Chief Risk Officer of LCH Group Holdings Limited (LCH Group and together with its subsidiaries, the Group);~~
- 1.2.4 ~~1.2.5~~ *ex officio* the Chief Executive Officer of ~~the~~ LCH Group;
- 1.2.5 ~~1.2.6~~ *ex officio* the Head of Financial Risk of the London Stock Exchange Group plc, (LSEG) or their nominated delegate;
- 1.2.6 ~~1.2.7~~ such other individuals within the Group as considered appropriate by the Committee; and
- 1.2.7 ~~1.2.8~~ such other risk expert individuals who are representatives of Users of the Company (who are not already represented by a voting member of the Committee) as considered appropriate by the Committee (***“Risk Expert Attendees”***). The Committee Chairman may, at his or her discretion, allow a Risk Expert Attendee to become a voting member of the Committee in place of an incumbent User Committee member, provided such Risk Expert Attendee meets the criteria set out in paragraph 1.1.2 above and that at any given time Users account for no more than 50% of the Committee (in accordance with paragraph 1.1 above).
- 1.3 Members of the Committee shall be appointed by the Board in consultation with the Committee Chairman, provided that Users shall be appointed in line with the procedure set out in Appendix I, and save for the Vice Chairman who shall be appointed pursuant to paragraph 1.4 below.
- 1.4 ~~For so long as the London Stock Exchange Group plc (LSEG) is entitled to exercise or control the exercise of at least 40 per cent. of the votes able to be cast on all or substantially all matters at general meetings of the Company,~~ LSEG shall be entitled to appoint the Vice Chairman to the Committee, provided that (i) such person has the skills and experience commensurate with such a role ~~and (ii) the LCH Group Nomination Committee has recommended such person for approval to the Board and the Board has approved such person (such approval only to be withheld if the person is not reasonably considered by the Board to be fit and proper).~~
- 1.5 The Vice Chairman’s role is to take over the responsibilities of the Chairman to the extent the Chairman is unavailable to attend a Committee meeting.
- 1.6 Committee members that are ~~not~~ neither Independent Directors nor the Vice Chairman (each, an ***External Committee Member***) attend in their capacity as risk experts and represent the clearing membership or end-user clients (as the case may be) as a whole.
- 1.7 Only one External Committee Member from each User or Client (or, if any are part of a group, the group to which such User or Client belongs), is permitted. External Committee Members will do their best to contribute both their own expertise and the expertise of the User or Client (or group, if appropriate) for which they work for all markets and products which the User or Client (or group, if appropriate) clears with the Company. Where expertise other than the specialty of the External Committee

Member is required, ~~he~~they will consult internally prior to the Committee meeting. Papers will be issued in good time to permit this.

1.8 ~~1.7~~User and Client membership of the Committee will be reviewed on an annual basis at a minimum. The metric for determining which Users and Clients are members of the Committee will be based on factors including the asset classes cleared, volume cleared, the level of contribution to the relevant default funds and whether they have previously been a voting member of the Committee.

1.9 ~~1.8~~The Company secretary or his or her appointed nominee shall be secretary of the Committee (the **Committee Secretary**).

1.10 ~~1.9~~The Committee Chairman, Vice Chairman and Committee Secretary will together seek to ensure that the Committee has a suitable range of expertise to consider and evaluate the risk matters placed before it, with particular reference to changes in the risks managed by the Company.

1.11 ~~1.10~~The Committee may co-opt any person, either for consideration of an individual subject or for a longer period.

1.12 ~~1.11~~The Committee may set up one or more advisory groups for the purpose of reporting back to it on specific issues. The Committee shall not delegate any of its powers or responsibilities set out herein to any such advisory group.

1.13 ~~1.12~~Subject to paragraph 1.4, the Board may remove members of the Committee with or without cause.

1.14 ~~1.13~~It is acknowledged that competent regulatory authorities shall have the right to request to attend Committee meetings in a non-voting capacity and be duly informed of the activities and decisions of the Committee.

2. **CONDUCT OF MEETINGS**

2.1 Notice of meetings shall be given by the Committee Chairman, or the Committee Secretary at the request of the Committee Chairman.

2.2 Save for in exceptional circumstances, (i) notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend prior to the date of the meeting in a timely manner and (ii) supporting papers shall be sent to Committee members, and to other attendees, as appropriate, at least 72 hours before the start of each meeting.

2.3 In exceptional circumstances the Chairman has the discretion to convene a meeting of the Committee on short notice.

2.4 Meetings shall be held a minimum of six times per year, or more frequently according to the business to be considered.

2.5 Other than in exceptional circumstances, all meetings shall be held in one of the

- registered offices of the Group entities.
- 2.6 Committee members, including External Committee Members, are encouraged to attend Committee meetings in person. Meetings can however be attended by audio or video conference facilities if necessary.
- 2.7 A quorum shall consist of a majority of the Committee members, including the Committee Chairman or Vice Chairman who shall at his or her sole discretion decide whether to defer recommendations on certain items in the light of the balance of attendance. Exceptionally, the Committee Chairman or Vice Chairman may nominate another Independent Director to represent them.
- 2.8 Decisions will be taken by consensus. If no consensus can be reached then the topic shall be put to a vote. All voting members of the Committee have one vote. The decision will be taken by simple majority of those present at the meeting. A decision requires the majority of the Independent Directors present at the meeting to vote in favour.
- 2.9 The Committee Chairman and/or Vice Chairman shall report to the Board on the discussions and recommendations of the Committee. The Committee Secretary shall make all minutes available to the Board ~~and to~~ the ~~respective~~ Chairman of the Audit Committee of the Company and ~~of~~ the LCH Group Board.
- 2.10 The Group Chief Risk Officer shall notify the board of directors of ~~the~~ LCH Group of the discussions and recommendations of the Committee which affect the Group and the Board shall consider any views expressed by the LCH Group Board when making decisions based on such discussions and recommendations of the Committee (provided that, for the avoidance of doubt, the LCH Group Board shall have no veto in respect of such decisions made by the Board).

PURPOSE OF THE COMMITTEE

3. RISK APPETITE

To consider and comment on aspects of the Company's risk appetite, tolerance and strategy, taking account of the current and prospective macroeconomic and financial environment, as reported upon regularly at Committee meetings. Certain corporate risks are not reported to the Risk Committee but to the Audit Committee or directly to the Board.

4. EXECUTIVE RISK COMMITTEE

- 4.1 To receive advice, recommendations and updates (as applicable) from the Executive Risk Committee of the ~~Group~~ Company (ERCo) in respect of the areas to which the ERCo's delegated powers, described in these Terms of Reference, apply and in respect of proposed revisions to the risk policies and risk methodology subject to the ERCo's oversight and review.
- 4.2 To receive a detailed report from the ERCo which includes (i) the risk profile of the

Company and the Group on a monthly basis and its evolution over time, (ii) qualitative comments from the ERCo and the Chief Risk Officer of the Company in relation to areas of potential concern, and (iii) a particular focus on concentration risk and members' margin circumstances.

5. **CLARIFICATION OF POWERS DELEGATED TO THE CHIEF EXECUTIVE OFFICER OF THE COMPANY**

- 5.1 Under powers formally delegated by the Board, the Chief Executive Officer of the Company has responsibility for all risk decisions taken within the framework of agreed risk policies. This explicit delegation of powers is considered necessary to formally preserve the independence of risk management, to avoid conflicts of interest if the Board or Committee was involved in the decision taking, and to ensure a timely response to situations which may develop or deteriorate rapidly.
- 5.2 The delegated powers establish a boundary line between the Committee's role in respect of policy review and recommendation and executive responsibility for risk management actions within the agreed policy framework.
- 5.3 The Chief Executive Officer may delegate any and all of ~~his~~their responsibilities referred to in these Terms of Reference to the Chief Risk Officer of the Company and/or the ERCo.

6. **MEMBERSHIP**

- 6.1 To review, on a periodic basis, criteria for initial admission to clearing membership and continuing membership criteria, to consider proposals for new criteria, and to make recommendations to the Board for approval.
- 6.2 To review decisions of the Chief Executive Officer of the Company or ~~his~~their delegate relating to approvals and denials of membership applications.
- 6.3 To review annually the Counterparty Credit Risk Policy and to make recommendations to the Board for approval. This review should include data on the previous year's changes in overall membership, specific aggregate information on the nature of the new members (if any) and their risk profile (if different from the existing membership), together with an assessment of any potential policy implications.
- 6.4 Clarification of approvals delegated to the ERCo of the Company:
- 6.4.1 Pursuant to paragraph 6.1 above, application by a current clearing member to extend its clearing activities *vis-a-vis* the Company may be approved by the ERCo of the Company subject to the Committee being notified. The ERCo of the Company may, at its discretion, refer any such applications for consideration by the Committee.
- 6.4.2 Pursuant to paragraph 6.3 above and without prejudice to the Committee's authority under paragraph 6.2 above, new membership applications may be approved by the ERCo of the Company subject to the applicant meeting the

criteria determined by the Committee (and endorsed by the Board) subject to the Committee being notified of any such approvals. If an applicant is rejected by the ERCo of the Company, it may appeal to the Committee. If, before coming to a decision, the ERCo of the Company has particular concerns regarding the applicant, it may exceptionally refer such an application for consideration by the Committee.

7. NEW CLEARING ACTIVITY : NEW MARKETS AND CONTRACTS

- 7.1 To consider the risk controls designed or adapted for the clearing of a new market (whether in the form of an exchange, or of a new product-specific OTC clearing service) or new class of instruments and to make recommendations to the Board for approval.
- 7.2 To consider the risk controls designed or adapted for the clearing of a new contract proposed by a cleared exchange, or a new product type proposed for the Company's clearing service and to make recommendations to the Board for approval.
- 7.3 To consider the risk controls designed or adapted for the continued clearing of an exchange contract or OTC clearing service product whose proposed terms have been significantly modified and to make recommendations to the Board for approval.
- 7.4 To review on an annual basis (or more frequently if deemed necessary) the Contract and Market Acceptability Policy and to consider proposals for the amendment of the policy and to make recommendations to the Board for approval.
- 7.5 To review on an annual basis (or more frequently if deemed necessary) the policy containing the principles for managing the counterparty risk of other central counterparties with which an interoperability link has been established (the Financial Resource Adequacy Policy) and to make recommendations to the Board for approval.
- 7.6 Clarification of approvals delegated to the ERCo of the Company:
 - 7.6.1 Pursuant to paragraph 7.2 above and without prejudice to the Committee's authority contained therein, approval for the clearing of new contracts or products which present no novel risk features and require no amendment of risk controls may be granted by the ERCo of the Company, subject to the Committee being notified of any such approvals. The ERCo of the Company may, at its discretion, refer any such applications for consideration by the Committee.
 - 7.6.2 In cases where the proposal is that the Company should clear a potentially large number of new contracts or products, none of which present novel risk features, the proposal will be presented for Committee review and recommendation to the Board for approval, because of the proposed scale of the extension of clearing.

8. MARGINING

- 8.1 To consider proposals for significant amendments to, or the introduction of new, variation margin methodologies and to make recommendations to the Board for approval.
- 8.2 To review, on an annual basis (or more frequently if deemed necessary), the initial margin policies contained within the Financial Resource Adequacy Policy and consider amendments to the policy and to make recommendations to the Board for approval.
- 8.3 To consider proposals for significant amendments to, or the introduction of new, initial margin methodologies and to make recommendations to the Board for approval.
- 8.4 To review, on an annual basis (or more frequently if deemed necessary), the company's intra-day calling policy contained within the Financial Resource Adequacy Policy and to consider proposals for the adoption of a new policy and to make recommendations to the Board for approval.
- 8.5 Clarification of powers delegated by the Board to the Chief Executive Officer of the Company:
 - 8.5.1 The establishment and regular review of initial margin parameters at contract level, the introduction of higher initial margin parameters or other financial requirements specific to a member or a group of members, and intra-day calls under the current policy.
- 8.6 Clarification of powers delegated to the ERCo of the Company:
 - 8.6.1 In the context of initial margin rate setting policies, contained within the Financial Resource Adequacy Policy approved by the Committee and the Board, and with reference to the powers in respect of initial margin rates delegated to the Chief Executive Officer of the Company, the ERCo of the Company shall ensure that any rate that does not directly flow from any of the policies is documented as exceptional treatment. The reason for such treatment must be either that a disproportionate and unrealistic margin rate would otherwise have been established or that application of the documented policy would lower a rate or rates at a time of significant volatility and run a high risk of rapid reversal. The ERCo of the Company will ensure that the Committee is informed of such treatment in the case of major contracts as part of standard reporting of margin adequacy.

9. DEFAULT FUND, DEFAULT RULES AND DEFAULT PROCEDURES

- 9.1 To review, quarterly, and on an *ad hoc* basis as initiated by the Chief Risk Officer of the Company, the adequacy of the default funds of the Company (the **Default Funds**) on the basis of stress testing figures, and to recommend any changes in the methodologies for sizing the Default Funds to the Board for approval. To review, on

an annual basis (or more frequently if deemed necessary), the Default Fund policies contained in the Financial Resource Adequacy Policy and recommend any changes to these policies to the Board for approval.

- 9.2 To consider any adjustment to the stress testing model or the assumptions used in the model and to make recommendations to the Board for approval.
- 9.3 To consider any proposals to adopt a new stress-testing model and to make recommendations to the Board for approval.
- 9.4 To consider any proposals for changes to the Default Rules and to make recommendations to the Board for approval.
- 9.5 To consider the default management policy for managing a default across individual and multiple product lines and to make recommendations to the Board for approval.
- 9.6 To consider, as soon as possible after a member default, the default procedures taken and the continued adequacy of the Default Rules and to make recommendations to the Board for approval.
- 9.7 The Committee will be notified of any significant amendments, additions or deletions to the stress testing scenarios. The Committee may also request new scenarios to be added to the stress testing model.
- 9.8 Clarification of powers delegated by the Board to the Chief Executive Officer of the Company:
 - 9.8.1 Pursuant to paragraph 9.1 above, the periodic recalculation of the Default Fund size and contributions, the stress test parameters as well as the review of the cap and floor of the Default Fund where applied, within the scope of the policy approved by the Board.
 - 9.8.2 Pursuant to paragraph 9.5 above, under the delegated powers default declaration and management are an executive responsibility, subject to a commitment to notify the Board and convene a meeting of the Board if appropriate.

10. **PAYMENT AND MONEY SETTLEMENT ARRANGEMENTS, BANK EXPOSURES AND COLLATERAL POLICY**

- 10.1 To review, on an annual basis (or more frequently if deemed necessary), the Company's payment and money settlement arrangements and collateral custody arrangements contained within the Payment, Settlement and Custody Policy and to consider proposals for modification of those arrangements and to make recommendations to the Board for approval.
- 10.2 To review, on an annual basis (or more frequently if deemed necessary), the Company's 'Investment Risk Policy' for setting bank limits and 'Liquidity Risk Policy' for determining liquidity needs, to consider proposals to change these policies, and to

make recommendations to the Board for approval.

- 10.3 To review, on an annual basis (or more frequently if deemed necessary), the Company's policy on acceptable forms of collateral contained within the Collateral Risk Policy together with the haircuts applied and to consider proposals to change these policies and to make recommendations to the Board for approval.
- 10.4 Clarification of discretion delegated to the ERCo of the Company:
- 10.4.1 Pursuant to paragraph 10.2 above, to decrease or remove investments or a counterparty's investment limits if there are concerns over the investment or counterparty for any reason.
- 10.4.2 To approve proposals for the periodic adjustment of exposure limits within the scope of the Credit Risk Management Framework approved by the Committee.
- 10.4.3 To change repo limits in line with the size of the cash portfolio to ensure that the assigned limits do not act as a constraint on securing the portfolio.
- 10.4.4 If any of the limits or restrictions detailed in the Collateral Risk Policy and/or the Investment Risk Policy are breached, that breach must be (i) notified to the ERCo and Head of CaLM, (ii) signed off by either the ERCo or the Head of CaLM and (iii) reported to the Committee, the Chief Executive Officers of the Company and the Group and the Audit ~~Committees~~Committee of the Company ~~and of the Group~~.

11. OPERATIONAL RISK MANAGEMENT

- 11.1 To review, on an annual basis (or more frequently if deemed necessary), the Company's Operational Risk Policy and to consider proposals for modification of those arrangements and to make recommendations to the Board for approval.
- 11.2 On request by the Audit Committee or the Board to review and provide advice on any aspects of the Company's operational risk management framework.
- 11.3 To review a Detailed Operational Risk Assessment for all significant projects and new products as required under the Company's Operational Risk Policy and to make recommendations to the Board for approval.

12. REGULATORY ISSUES

- 12.1 To consider any risk policy-related regulatory issues referred to it and to make recommendations to the Board for approval.
- 12.2 To consider any issue relating to the outsourcing of functions which may impact the risk management of the Company and to make recommendations to the Board for approval.
- 12.3 To ensure that the Company reports to the relevant regulatory authorities, within 5

days of any meeting of the Board, any decision in which the Board has rejected a recommendation of, or superseded an action by, the Committee, such report to contain at a minimum the following:

- 12.3.1 the Committee's recommendation or action, as applicable;
 - 12.3.2 the rationale for such recommendation or action;
 - 12.3.3 the rationale of the Board for rejecting such recommendation or superseding such action; and
 - 12.3.4 the course of action the Board decided to take contrary to such recommendation or action.
- 12.4 The Committee Chairman, or his or her designee, will make available to the Chief Compliance Officer of the Company such information relating to the Committee's work as is necessary for the Chief Compliance Officer of the Company to draft and submit:
- 12.4.1 the Company's annual compliance report (i) to the Bank of England, Treasury and ~~OFF~~[the CMA](#) as required under UK law and regulations in force from time to time and (ii) to the CFTC as required under the CFTC Rules in force from time to time and any successor regulation; and
 - 12.4.2 any other reports that the Chief Compliance Officer of the Company may from time to time be required to submit, pursuant to regulatory requirements.

It is noted that in the event that the Board does not follow a recommendation of the Committee, the Bank of England, as lead regulator of the Company, will be notified by the Company Secretary.

13. MISCELLANEOUS

- 13.1 To discharge any duties ascribed to the Committee in the Group risk policies reviewed by the Committee from time to time.
- 13.2 To consider any other matters as directed by the Board.
- 13.3 To hold meetings periodically either separately from or, if considered appropriate by the Committee, jointly with the Risk ~~Committees~~[Committee](#) of LCH SA, ~~LCH LLC~~ and the Risk Committees of any other operating subsidiaries of ~~the~~[LCH](#) Group as there may be from time to time.

14. PUBLICATIONS

The Committee shall ensure that summaries of significant decisions implicating the public interest, including all decisions relating to (i) open access; (ii) membership; and (iii) the finding of products acceptable or not acceptable for clearing, including a description regarding whether the Board has rejected or superseded an action of the Committee, shall be made public on the Company's website in an up to date, clear and

accurate manner.

15. **REGULAR REPORTS**

15.1 The Committee shall consider and review regular reports prepared by the Risk Management department of the Company which shall cover recent developments in at least the following areas:

15.1.1 Membership (additions, deletions, extensions to business cleared, and other significant developments);

15.1.2 Operation and adequacy of margin rate setting (back testing) and of the default fund (as revealed by the stress test results);

15.1.3 Operation of the Liquidity Risk policy;

15.1.4 Operation of the Counterparty Credit Risk policy;

15.1.5 Operation of the Collateral Risk policy;

15.1.6 Operation of the Payment, Settlement and Custody policy;

15.1.7 Operation of the Investment Risk Policy; and

15.1.8 Any other material issues which have arisen during the previous three months for any risk policy or its implementation.

16. **CONFIDENTIALITY AND CONFLICTS OF INTEREST**

16.1 Without prejudice to any rights ~~LSEG may have in the Relationship Agreement between the Company and LSEG~~ of LSEG or its representatives under these Terms of Reference, all confidential matters considered by the Committee and any confidential information disclosed to members of the Committee in connection with their position as a member of the Committee must remain confidential, notwithstanding the company to which that information relates, nor whether the member is a director of that company or not, save as required to be disclosed by law or regulation. Any other persons (with the sole exception of competent regulatory authorities) involved in the Committee's work shall either be bound by undertakings of professional secrecy or by ad hoc confidentiality agreements with the Committee.

16.2 Conflicts of interest relating to Committee members shall be governed by the relevant articles in the articles of association of the Company from time to time and those relevant articles shall apply to the External Committee Members as if they were directors of the Company.

17. **HARMONISATION WITH LCH SA ~~AND/OR LCH LLC~~**

17.1 To consider any proposals for harmonisation of policies or procedures between the Company, LCH SA, ~~LCH LLC~~ and any other operating subsidiaries of ~~the~~ LCH Group as there may be from time to time, having regard to local law or regulatory requirements

and liquidity characteristics of the relevant entity in the Group and to make recommendations to the Board for approval.

- 17.2 In the event that the Risk Committees of the Company, LCH SA, ~~LCH LLC~~ and any other operating subsidiaries of ~~the~~ LCH Group as there may be from time to time cannot agree on the harmonisation issues, the LCH Group Board and the Board of the relevant operating subsidiary together are responsible for the final decision.

18. **RELATIONSHIP WITH THE COMPANY'S AUDIT COMMITTEE**

- 18.1 Internal audits, external audits, investigations and reviews carried out under the auspices of (and contained in the relevant regular reporting to) the Company's Audit Committee will cover those departments and teams executing the policies and methodologies set by the Risk Committee.

19. **AUTHORITY**

- 19.1 The Committee is authorised to: (i) investigate any activity relating to these Terms of Reference; (ii) seek any information it requires from any employee of the Company in order to perform its duties; (iii) call any employee to be questioned at a Committee meeting as and when required; and (iv) obtain at the Company's expense, outside legal or other professional advice on any matter within its Terms of Reference.

- 19.2 In particular, the Committee shall have access to: (i) the risk management department (to assess how the remuneration structure affects the risk profile of the Company); (ii) the human resource department; (iii) the compliance department (to ensure legal and regulatory changes are properly implemented); and (iv) the internal audit department.

20. **OTHER**

- 20.1 Notwithstanding any other provision set out herein, the Committee is solely accountable to, and reports solely to, the Board. Without limiting the foregoing, no decisions made by the Committee under paragraph 6 (*Membership*) or paragraph 7 (*New Clearing Activity: New Markets and Contracts*) may be restricted or otherwise limited by any body other than the Board.

- 20.2 Every member of the Committee shall be given a copy of these Terms of Reference.

- 20.3 The Committee, in particular the Independent Directors, shall be provided with appropriate and timely training, both as an induction process and on an ongoing basis, and provided with access to external consultancy support, when required.

- 20.4 The Committee shall arrange for periodic reviews of its own performance and, at least annually, shall arrange for independent internal review of its constitution and these Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

- 20.5 [Subject to paragraph 20.6, these Terms of Reference may be amended only with approval of the Board.](#)

20.6 Paragraphs 1.2.6, 1.4, 16.1 and this paragraph 20.6 of these Terms of Reference may be amended only with approval of the Board and the consent of LSEG.

APPENDIX I

Rotation of Voting Rights Among User Members

There are a number of risk experts who attend the Risk Committee and who fulfil the criteria of Users. The voting memberships of the Risk Committee are rotated between such experts on a regular basis (at least once a year), so as to ensure compliance with the ~~quorum~~composition requirements set out in Clause 1.1 of the Terms of Reference.

The following criteria are applied by the Chairman, at ~~his~~their sole discretion, when rotating the voting memberships of the Risk Committee:

1. Expertise in matters of risk;
2. Length of service on the Risk Committee;
3. Attendance at Risk Committee meetings; and
4. The Chairman of the Risk Committee being satisfied that the membership of Users on the Risk Committee is an appropriate representation of the clearing membership as a whole.

Should the Company agree to allow an external party the right to nominate risk experts, the Chairman of the Risk Committee shall decide the capacity in which the risk experts will attend Risk Committee (including whether they are clearing member Users or not) and will decide on voting membership on the basis set out above.

Appendix VII

Remuneration Committee Terms of Reference

LCH LIMITED
(the *Company*)

**TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE OF
THE BOARD OF DIRECTORS**

Adopted by the board of directors on ~~21 February 2019~~ [\[•\] 2020](#)

Effective from ~~11 March 2019~~ [\[•\] 2020](#)

1. DUTIES AND POWERS OF THE COMMITTEE

- 1.1 The Remuneration Committee (the *Committee*) is a committee of the board of directors of the Company. The board of the Company shall approve the remuneration packages which relate to its employees, based on the recommendations of the Committee.
- 1.2 The Committee should carry out the following duties for the Company:

Broad Remuneration Policy

- 1.2.1 determine the broad remuneration policy and principles for the Company, the ~~Executive Management~~ [Specified Executives](#) (defined below) and the chairman of the Board in the context of the Group as a whole taking into account all factors which it deems necessary, including the remuneration policy and principles applied by the remuneration committee of LCH ~~Group Holdings Limited (LCH Group) SA~~ and the remuneration committee of London Stock Exchange Group plc (*LSEG*) for its executive management, for approval by the Board;
- 1.2.2 the objective of such policy and principles shall be to ensure that (i) such policies are aligned with the risk tolerance and corporate strategy of the Company, (ii) ~~members of Executive Management~~ [Specified Executives](#), and employees of the Company (as relevant), are provided with appropriate incentives to encourage enhanced performance with a particular focus on risk management as the core purpose of the Company and (iii) such ~~members of Executive Management~~ [Specified Executives](#) and employees of the Company are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company;
- 1.2.3 review the ongoing appropriateness and relevance of such policy and principles, including testing how the policy will react to future external and internal events;
- 1.2.4 if, and to the extent that, any remuneration policy or proposal includes long term or other incentive or bonus plans which involve the issue of, or the creation of rights over, the shares of LSEG (*LSEG Shares*), or are otherwise linked to the price or market performance of LSEG Shares, ensure that such plans are subject to the approval of LSEG's remuneration committee;

Individual Remuneration

- 1.2.5 within the terms of the remuneration policy and in consultation with the chairman and/or chief executive, as appropriate, determine the total individual

remuneration package of the ~~executive directors¹, the members of the Executive Committee of the Group who are employed by the Company,~~ CEO (as defined below), the chief risk officer, chief compliance officer and any other senior executive personnel designated by any of the Board from time to time, including any personnel with a recruitment or termination package of more than £1,000,000 (or such other amount as fixed by any of the Board from time to time) (together, ~~Executive Management~~ Specified Executives), and the chairman of the Board;²¹

- 1.2.6 when setting remuneration policy for any relevant person, review and have regard to the remuneration trends across the companies owned ~~held~~ by LCH Group (Holdings Limited (LCH Group and together with its subsidiaries, the Group)) as a whole and within LSEG;
- 1.2.7 ensure that contractual terms upon recruitment and upon termination, and any payments made, are fair to the individual and the Company;
- 1.2.8 when determining remuneration for personnel engaged in risk management, compliance and internal audit, ensure that they are compensated in a manner that is independent of the business performance of the Company and that the level of remuneration is adequate in terms of responsibility as well as in comparison to the level of remuneration in the business areas;
- 1.2.9 when making any change in the remuneration (including salary, bonus and long term incentives) of either the Chief Executive Officer of the Company (the ~~CEO~~) or ~~any member from time to time of the Executive Committee of the Group who is employed by the Company~~ any Specified Executive ensure that the following procedure is followed:
 - (a) in consultation with the LCH Group CEO ~~and,~~ the ~~LSEG chief executive officer~~ Committee shall ~~agree and propose~~ make a joint recommendation to the ~~Committee;~~ ~~(b) following receipt by the Committee of such a joint recommendation, the Committee shall discuss the recommendation with the relevant recommending persons and, having considered the proposal and made any changes considered appropriate (having obtained the approval of the relevant recommending persons for any significant changes), the Committee shall recommend the proposal for approval to the Board of the Company~~ for approval;
 - (b) ~~(e)~~ once approved by the Board of the Company, the proposal shall be shared with LSEG's remuneration committee for final approval before it is implemented;
 - (c) ~~(d)~~ in the event that LSEG's remuneration committee does not approve the proposal, the proposal shall be revisited by ~~the relevant~~

¹ ~~For the purposes of these terms of reference, "executive directors" means directors on the board of any relevant Group company (i.e. statutory directors).~~

²¹ The remuneration (if any) of the non-executive directors (other than the chairman of the Company) shall be a matter for the Board (excluding the non-executive directors), provided that the compensation of such non-executive directors shall not be linked to the business performance of the Group. No person shall be involved in any decisions as to their own remuneration.

~~recommending persons and reviewed with~~ the Committee, which shall submit a revised proposal to the Board of the Company and then to LSEG's remuneration committee for final approval;

Benefits/incentives

1.2.10 review for approval by the Board the design of, all incentive plans and performance related pay schemes of the Company, ~~for approval by the Board~~including performance targets to be used, designed by and received from the LSEG remuneration committee. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards (e.g. the "total bonus pool"), ~~approve the performance targets to be used,~~ and determine the individual awards to any ~~member of Executive Management~~Specified Executives;

1.2.11 determine the policy for, and scope of, pension arrangements for the Company and for each ~~member of~~Specified Executive ~~Management~~;

1.2.12 oversee any major changes in employee benefits structures of the Company;

~~1.2.13 agree the policy for authorising claims for expenses from the directors;~~

Peer review/consultants

1.2.13 ~~1.2.14~~ obtain reliable, up-to-date information about remuneration in other companies. To help it fulfil its obligations the Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary, within any budgetary restraints imposed by the Board and having regard to the approach of the Group as a whole;

1.2.14 ~~1.2.15~~ if requested by the Board, obtain and provide the Board with reliable, up-to-date information about remuneration of non-executive directors in other companies and make recommendations to assist the Board (excluding the non-executive directors) in its determination of the remuneration of the non-executive directors; and

1.2.15 ~~1.2.16~~ be exclusively responsible for approving the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.

1.3 In exercising its duties and powers, the Committee shall be mindful of its obligation to:

1.3.1 implement and maintain a remuneration policy which promotes sound and effective risk management and which does not create incentives to relax risk standards;

1.3.2 ensure that the remuneration policy and pension policy of the Company is maintained in line with the business strategy, objectives, values and long-term interests of the Group's stakeholders; and

1.3.3 ~~operate in accordance with the terms set out in clause 12 of the relationship agreement between inter alia LCH Group and LSEG (the RA), as amended from~~

~~time to time, including liaising~~ liaise with LSEG on a regular basis and in any case prior to changing the remuneration (including salary, bonus and long term incentives) of the CEO and other ~~members of the Executive Committee of the Group, who is an employee of the Company~~ Specified Executives.

1.4 The chairman of the Committee (the *Committee Chairman*) and the ~~chair of the~~ LCH Group ~~Remuneration Committee~~ CEO shall consult with each other on a regular basis in respect of the broad policies and principles applicable to the remuneration of their respective directors and employees.

1.5 The Committee will consult from time to time with the remuneration committee of LSEG and the remuneration committee of LCH SA to ensure that there is a coordinated approach to the remuneration of directors on the Board and the board of directors of LCH SA.

1.6 ~~1.5~~ The Committee shall keep itself informed of any changes in the laws and regulations applicable to the ~~Group~~ Company's remuneration policy and the matters for which the Committee is responsible, and shall take these into account in determining remuneration policy.

1.7 ~~1.6~~ Nothing in these Terms of Reference shall diminish the responsibility of the Board of the Company to maintain ongoing oversight of the ~~Group~~ Company's remuneration policy.

2. COMPOSITION OF THE COMMITTEE

2.1 The Committee shall comprise at least four members, at least half of whom shall be independent non-executive directors of the Board of the Company (the *Independent Directors*). The Chairman of the Board of the Company may also serve on the Committee as an additional member if he or she was considered independent on appointment as chairman. Members of the Committee shall be appointed by the Board of the Company, in consultation with the Committee Chairman.

2.2 ~~For so long as LSEG is entitled to exercise or control the exercise of at least 5 per cent of the votes able to be cast on all or substantially all matters at general meetings in the Company,~~ LSEG shall be entitled to appoint one independent non-executive director of the board of LSEG (who may also be, but is not required to be, a director appointed to the Board of the Company by LSEG) to the Committee. Ideally such independent non-executive director of the board of LSEG would also be a member of LSEG's remuneration committee.

2.3 The LCH Group CEO shall be entitled to attend meetings of the Committee as an observer.

2.4 ~~2.3~~ The Committee Chairman, who shall be an Independent Director, shall be appointed by the Board of the Company. In the absence of the Committee Chairman and/or an appointed deputy at any meeting, the remaining members present shall elect one of themselves to chair the meeting. The chairman of the Board of the Company shall not be the Committee Chairman.

2.5 ~~2.4~~ Appointments to the Committee are made by the Board of the Company and shall be for a period of three years, which may be extended for further periods of up to three-years, provided the director still meets the criteria for membership of the Committee.

2.6 ~~2.5~~ The Committee Chairman will keep the Committee's composition under review, and shall make proposals to the Board of the Company accordingly.

3. **SECRETARY**

The Company Secretary or his or her appointed nominee shall be secretary of the Committee (the *Committee Secretary*).

4. **TIMING OF MEETINGS**

The Committee shall meet at least twice a year and additional meetings shall be arranged as necessary in order to fulfil the duties of the Committee.

5. **NOTICE OF MEETINGS**

5.1 Notice of meetings shall be given by the Committee Chairman, or the Committee Secretary at the request of the Committee Chairman.

5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend prior to the date of the meeting in a timely manner. Supporting papers shall be sent to Committee members, and to other attendees as appropriate, at the same time.

6. **ATTENDANCE AT MEETINGS**

6.1 Only members of the Committee have the right to attend Committee meetings. Other individuals, such as appropriate senior employees and/or external advisers, may attend all or part of any meeting, as and when appropriate, at the invitation of the Committee Chairman.

6.2 Members of the Committee may hold meetings in person, by telephone or by video conferences.

7. **QUORUM**

The quorum for meetings shall be two members of the Committee, at least one of whom should be independent. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

8. **CONDUCT OF MEETINGS**

Except as outlined above, meetings of the Committee shall be conducted in accordance with the provisions of the Company's articles of association governing the proceedings of directors.

9. **MINUTES OF MEETINGS**

~~9.1~~ —The Committee Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance, and such minutes shall be presented to the Committee for approval at the next following meeting.

~~9.2 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board unless it would be inappropriate to do so.~~

10. AMENDMENT

10.1 Subject to paragraph 10.2, these Terms of Reference may be amended only with approval of the Board.

10.2 Paragraphs ~~1.2.1, 1.2.4, 1.2.6, 1.2.9, 1.2.10, 1.3.3, 1.4, 2.2, 12.1, 12.4, 12.6, 12.9, 1.2.10, 1.3.3, 1.5, 2.2, 12.1 and 14.4~~ of these Terms of Reference may be amended only with approval of the Board and ~~(for so long as LSEG is entitled to exercise or control the exercise of at least 40 per cent of the votes able to be cast on all or substantially all matters at general meetings in the Company and only to the extent that LSEG's rights or interests in those paragraphs are being amended) the consent of LSEG.~~ the consent of LSEG.

11. REPORTING

11.1 The Committee Chairman shall report to the Board on the discussions, decisions and recommendations of the Committee.

12. CONFIDENTIALITY AND CONFLICTS OF INTEREST

12.1 Without prejudice to any rights LSEG ~~may have in the RA~~ or its representatives under these Terms of Reference, all confidential matters considered by the Committee and any confidential information disclosed to members of the Committee in connection with their position as a member of the Committee must remain confidential, notwithstanding the company to which that information relates, nor whether the member is a director of that company or not, save as required to be disclosed by law or regulation. Any other persons involved in the Committee's work shall either be bound by undertakings of professional secrecy or by ad hoc confidentiality agreements with the Committee.

12.2 Conflicts of interest relating to Committee members shall be governed by the relevant articles in the articles of association of the Company from time to time.

13. RESOURCES AND INFORMATION

13.1 The Committee shall have access to sufficient resources and information in order to carry out its duties, including access to the Company secretariat for assistance as required and, where deemed necessary or appropriate, to professional advisors.

13.2 In particular, the Committee shall have access to (i) the human resource department, (ii) the risk management department (to assess how the remuneration structure affects the risk profile of the Group) (iii) the compliance department (to ensure legal and regulatory changes are properly implemented) and (iv) the internal audit department (who shall annually carry out and report to the Committee on an independent audit of the design, implementation and effects of the remuneration structure).

14. OTHER

14.1 Every member of the Committee shall be given a copy of these Terms of Reference.

- 14.2 The Committee shall be provided with appropriate and timely training, both as an induction process and on an ongoing basis, and provided with access to external consultancy support, when required.
- 14.3 The Committee shall arrange for periodic reviews of its own performance and, at least annually, shall arrange for independent internal review of its constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- ~~14.4 The rights of LSEG set out in these Terms of Reference shall cease automatically if LSEG ceases to be entitled to exercise or control the exercise of at least 5 per cent. of the votes able to be cast on all or substantially all matters at general meetings of the Company.~~