

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 3 October 2017

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 LCH Group Holdings Limited Nomination Committee (the **Independent Directors**) and one of such Independent Directors shall be appointed chairman of the Committee (the **Committee Chairman**);
- (b) at least one shall be a member of the Audit Committee of LCH Limited;

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 Selection and Removal

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

2.2.2 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 Group Company Secretary or such other person as he or she 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 advisers.

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 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.

2.7 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 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.

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

2.8 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.

2.9 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. 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. 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.
- 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.

8. ANNUAL EVALUATION AND TERMS OF REFERENCE REVIEW

8.1 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.