

August 2020

COMPLIANCE STATEMENT ON FINANCIAL CRIME

Dear Sir/Madam

LCH Limited ("LCH") is authorised and regulated as a Central Counterparty ("CCP") under the European Markets Infrastructure Regulation ("EMIR") and as a Recognised Central Counterparty by the Bank of England.

As a CCP incorporated in the United Kingdom, LCH must comply with paragraph 30 in Part 5 of the Schedule to The Financial Services and Markets Act 2000 (Recognition Requirements for Investment Exchanges and Clearing Houses) Regulations 2001, which states 'The central counterparty must ensure that appropriate measures are adopted to reduce the extent to which its facilities can be used for a purpose connected with market abuse or financial crime, and to facilitate their detection and monitor their incidence.'

LCH is committed to complying with all its regulatory obligations and has in place a group-wide compliance framework, which incorporates controls designed to mitigate the risk of LCH being used to facilitate financial crime. Specifically, the framework includes:

- Group-wide mandatory policies covering Anti-Money Laundering, Sanctions, Anti-Bribery and Corruption, Fraud, Market Abuse, Personal Account Dealing and Conflicts of Interest;
- Formal annual training for all employees including contractors and temporary staff, on financial crime.
- A risk assessment framework, within which businesses and functions must periodically assess the effectiveness of their control environment, including the financial crime risks; and
- An annual certification process that is mandatory for all staff to confirm compliance with the group's Code of Conduct and key compliance policies.

LCH carries out full due diligence on all potential members during the application process and applicants must comply with the LCH membership criteria (set out in the publicly available LCH Rulebook). All members are screened against applicable international and national sanctions and watch lists, at the start of the relationship and on an ongoing basis.

LCH also avoids breaches of any applicable sanctions obligations in relation to suppliers by screening them against sanctions and watch lists; and by requiring that any payment order or instruction given to LCH must include all the requisite information. Within LCH, the Chief Compliance Officer is responsible for the reporting of suspicious transactions to the appropriate regulatory authorities as required.

Yours sincerely



Julian Oliver
Chief Compliance Officer