

LCH LIMITED
(the *Company*)

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

Adopted by the board of directors on 9 September 2020

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 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 Chief Risk Officer of LCH Group Holdings Limited (**LCH Group** and together with its subsidiaries, the **Group**);
 - 1.2.5 *ex officio* the Chief Executive Officer of LCH Group;
 - 1.2.6 *ex officio* the Head of Financial Risk of the London Stock Exchange Group plc, (**LSEG**) or their nominated delegate;
 - 1.2.7 such other individuals within the Group as considered appropriate by the Committee; and
 - 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 LSEG shall be entitled to appoint the Vice Chairman to the Committee, provided that such person has the skills and experience commensurate with such a role.
 - 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 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, they will consult internally prior to the Committee meeting. Papers will be issued in good time to permit this.
 - 1.8 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 The Company secretary or his or her appointed nominee shall be secretary of the Committee (the ***Committee Secretary***).
- 1.10 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 The Committee may co-opt any person, either for consideration of an individual subject or for a longer period.
- 1.12 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 Subject to paragraph 1.4, the Board may remove members of the Committee with or without cause.
- 1.14 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, the Committee Chairman of the Audit Committee of the Company and the LCH Group Board.
- 2.10 The Group Chief Risk Officer shall notify the board of directors of 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 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 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 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 Committee of the Company.

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 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 Committee of LCH SA and the Risk Committees of any other operating subsidiaries of 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 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

- 17.1 To consider any proposals for harmonisation of policies or procedures between the Company, LCH SA and any other operating subsidiaries of 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 and any other operating subsidiaries of 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 composition requirements set out in Clause 1.1 of the Terms of Reference.

The following criteria are applied by the Chairman, at 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.