

## **Euroclear Nederland**

### **User Committees**

#### **Terms of Reference**

##### **(incorporating internal governance practice & procedures)**

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| Purpose           | <ul style="list-style-type: none"><li>• Each CSD establishes its own User Committee as required by Regulation (EU) 909/2014.</li><li>• The User Committee is established for the securities settlement system that the CSD operates. Its purpose is to possibly (i) provide advice (which is independent from any direct influence by the CSD management) to the CSD Board on key arrangements that impact the CSD's members such as service level, (ii) provide non-binding opinions to the CSD Board on pricing structure of the CSD and (iii) make requests for implementation of DvP settlement through links.</li></ul>   |
| Members and Chair | <ul style="list-style-type: none"><li>• The User Committee is composed of representatives of participants and issuers in the securities settlement system.</li><li>• The User Committee Chair and Members should have appropriate knowledge of the post-trade industry, have sufficient seniority and experience.</li><li>• The User Committee Chair is approved by the independent non-executive directors of the CSD Board.</li><li>• The User Committee Chair shall be subject to re-election as User Committee Chair, at least every three years.</li><li>• The User Committee Chair will identify potential candidates for User Committee membership based on data available in the records of the CSD (list of participants, segments of activities, etc.). The User Committee Chair will approve all appointments for User Committee membership.</li><li>• Breach by the User Committee Chair or by any Member of its duties under these Terms of Reference may result in his/her removal as a member of the User Committee and any further action deemed appropriate to the circumstances.</li><li>• The User Committee members are expected to attend User Committee meetings personally. However, in exceptional circumstances, the User Committee Members may appoint delegates to attend a User Committee meeting in their place upon the Chair's written approval, of the delegate.</li></ul> |
| Mandate           | <ul style="list-style-type: none"><li>• The User Committee provides independent advice to the Board of the CSD, on key arrangements that impact the CSD's members, i.e.:<ul style="list-style-type: none"><li>✓ criteria for accepting issuers and participants</li><li>✓ service level, including relevant significant developments needed to adapt to legal, regulatory, tax or other market changes impacting the way participants and/or issuers interact with the CSD</li><li>✓ review and/or testing of the default procedures of the CSD (excluding any banking related aspects)</li></ul></li><li>• The User Committee is informed by the CSD and acts as appropriate on audit findings relating to the topics covered in its mandate, ensuring that the provision of the information does not give a competitive advantage to any of the User Committee members.</li></ul>  |

- The User Committee is regularly informed of the performance of the CSD's securities settlement system.
- The User Committee may submit a non-binding opinion to the CSD Board containing detailed reasons regarding the pricing structures of the CSD.
- The User Committee may submit a request for implementation of DvP settlement for any link maintained by the CSD that would not be a DVP link yet.

#### Specific duties of the Chair

- The User Committee Chair presides every meeting of the User Committee.
- The User Committee Chair ensures appropriate committee governance and overall process integrity within the Committee.
- The User Committee Chair undertakes to actively engage in the User Committee meetings, dedicating sufficient time to his/her role as User Committee Chair.
- The User Committee Chair ensures that the User Committee includes a balanced representation of key stakeholders to achieve an effective User Committee. The User Committee Chair shall perform a regular review of the members' skills, knowledge and experience to this effect.
- The User Committee Chair must have and keep sufficient knowledge of the CSD environment, the seniority to promote market-wide views and the capacity to achieve consensus decision to reflect the views of all represented stakeholders.
- The User Committee Chair ensures that the minutes of the User Committee are a complete and accurate record of the committee discussions.
- The User Committee Chair is independent from any direct influence by the CSD's board/management.

#### Duties of Members (including the Chair)

- Each Member undertakes to actively engage in the User Committee meetings, dedicating sufficient time to their role as Member. Each Member makes every effort to attend User Committee meetings in person or by video teleconference from one of the Euroclear premises (or, under exceptional circumstances, upon the Chair's written approval, by phone)
- Each Member shall share with the User Committee appropriate market views in their role as User Committee Members instead of representing their individual organisations.
- Each Member agrees that any information provided by the CSD to User Committee members in the exercise of their functions as User Committee members, is a priori confidential, unless clear statement to the contrary is provided. Each User Committee member undertakes to keep such information confidential and not use it for purposes other than for the exercise of their User Committee function.
- Each Member acknowledges he/she understands general principles of competition law and shall refrain from bringing commercially sensitive information to the User Committee.
- Each Member shall dedicate the required time to review and approve the minutes of the User Committee meeting shortly after its occurrence.

Meeting attendees	<ul style="list-style-type: none"> <li>• All User Committee members.</li> <li>    <u>Non-voting attendees:</u></li> <li>• Secretary nominated by the CSD management.</li> <li>• Relevant representatives of CSD management.</li> <li>• Any additional invitees as deemed necessary by the User Committee Chair.</li> </ul>
Frequency of meetings	<ul style="list-style-type: none"> <li>• A minimum of three scheduled meetings per year.</li> <li>• Additional ad-hoc meetings as deemed necessary by the User Committee Chair.</li> </ul>
Meeting agenda and notice	<ul style="list-style-type: none"> <li>• The User Committee Chair sets the agenda, with input from the secretary.</li> <li>• Notice of meetings shall be sent by electronic means.</li> </ul>
Committee support and resources	<ul style="list-style-type: none"> <li>• Administrative and logistical support is provided by the secretary nominated by the CSD management.</li> <li>• Minutes shall be drafted by the secretary, circulated to the User Committee for comments and approval by email within a short timeframe and officially ratified by the User Committee members during the first following User Committee meeting.</li> </ul>
Attendance	<ul style="list-style-type: none"> <li>• At the beginning of each User Committee meeting, the User Committee Chair determines whether there is sufficient and balanced representation of participants and issuers in order to proceed with the meeting.</li> </ul>
Voting	<ul style="list-style-type: none"> <li>• Any advice, non-binding opinion or request of the User Committee shall be determined by a simple majority of User Committee members present.</li> <li>• Each User Committee member has one vote and all votes are equal. A User Committee member may not appoint a proxy to vote at a User Committee meeting in their place.</li> <li>• The User Committee Chair has the casting vote in case of equality of votes.</li> </ul>
Relationship with other bodies	<ul style="list-style-type: none"> <li>• The User Committee will be informed by the CSD of any decision in which the Board of the CSD decides not to follow the advice of the User Committee.</li> <li>• The User Committee may inform the competent CSD's authority of any areas in which it considers that the advice of the User Committee has not been followed.</li> </ul>
Reporting to the Board	<ul style="list-style-type: none"> <li>• The User Committee will provide the minutes of their meetings to the CSD Board.</li> </ul>
Conflicts of Interest	<ul style="list-style-type: none"> <li>• The User Committee Chair and Members must comply with the User Committee policy on conflicts of interest (Appendix 1).</li> <li>• When the User Committee Chair or any Member thereof has a potential or actual conflict of interest in the context of a specific matter falling in the remit of its mandate as a User Committee Chair or Member, he/she shall abstain from participating in the discussion on that matter and not be allowed to vote on that matter.</li> </ul>

- Resignation
- The Chair and the Members may resign at any time by notice in writing.
  - Any Member resignation notice should be delivered to the User Committee Chair, sufficiently in advance in order for the User Committee Chair to ensure proper succession as necessary.
  - The Chair resignation notice should be delivered to the independent non-executive directors of the (I)CSD Board, sufficiently in advance in order for the independent non-executive directors of the (I)CSD Board to ensure proper succession as necessary.
- Review of Terms of Reference
- These Terms of Reference shall be subject to periodic review and approval by the CSD board.
  - Last reviewed on 26 November 2020 by the members of the User Committees and approved by the EBE, EF and ENL Boards on 16 December 2020.
- Publication
- These Terms of Reference and User Committee policy on conflicts of interest (Appendix 1) are available on the Euroclear website.