

**Euroclear UK & Ireland Limited  
(the “Company”)  
Management Risk Committee  
 (“MRC” or the “Committee”)  
Terms of Reference**

**Approved by the EUI Board on 23 April 2019 and adopted  
by MRC on 30 April 2019**



*Post-trade made easy*

## Contents

1.	Purpose .....	3
2.	Powers Delegated .....	3
3.	Role and Delegated Responsibilities.....	3
4.	Membership and Attendees .....	4
5.	Quorum .....	4
6.	Frequency of meetings .....	4
7.	Meeting Agenda.....	5
8.	Voting .....	5
9.	Proxy Voting.....	5
10.	Company Secretary .....	5
11.	Committee Support and Resources .....	5
12.	Conflicts of interest.....	5
13.	Self-Assessment of Committee Effectiveness ....	6
14.	Review and amendment of these terms of reference .....	6
15.	Reporting obligations .....	6

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# 1. Purpose

The Management Risk Committee (the “Committee”) is a decision-making sub-committee of the Euroclear UK & Ireland Limited (“EUI”) Management Committee (“MC”). The Committee’s purpose is to manage the Company’s overall risk environment, with the exception of matters reserved to the Board or Shareholder, as defined in the Company’s constitution or applicable Law.

# 2. Powers Delegated

The Committee has been delegated authority by the Management Committee to make decisions in relation to the Company’s overall risk environment.

The Committee will provide regular updates to the Risk Committee of the Company and, as required, will elevate matters to the Risk Committee for consideration and recommendation to the Board.

The Committee will receive reports from the Risk & Operating Committee and other Committees as and when required.

# 3. Role and Delegated Responsibilities

The Committee will oversee and manage:

- The effective and efficient implementation of an Enterprise Risk Management (ERM) framework.
- The development and maintenance of a measurable statement of risk appetite, consistent with the business strategy, for Board approval.
- EUI’s risk profile, including key risks, operational losses and incidents, monitoring performance vs risk appetite, analysing risk trends and concentrations, and other risk issues arising from self-assessments and internal and external audits, policy and governance reviews and will escalate to the Board, for review, the Risk Profile should it move outside of Appetite.
- In relation to operational activities, the MRC may accept residual risks rated High, whilst the authority to accept residual risks rated Low or Medium has been delegated to the ROC. Residual risks rated Critical must be escalated to the Board by the Committee, via the Risk Committee (as required), as stipulated in the Enterprise Risk Management (“ERM”) Board Policy. (Ratings as defined in relevant policy handbooks, such as the ERM Board Policy and the Operational Risk Management policy handbook).
- The monitoring of all material risks to the achievement of EUI’s strategic objectives and its wider role as a Financial Market Infrastructure.
- The formal risk reporting such as the monthly and quarterly Risk Report.
- The appropriateness of EUI’s operational resilience arrangements.
- The annual risk management plan and quarterly progress reports.
- The review of risk assessments on significant operational or organisation changes and consider recommendations from line managers on risk acceptance and mitigation.

- The appropriateness of, and periodic assessment of compliance with, the Company's suite of risk management policies and handbooks and such other risk related policies and handbooks as may be required.
- Learning experiences and identified risks that may be of relevance to the other group entities.
- Formal risk review of new EUI products or services and existing products and services for which the risk profile has changed significantly.

## 4. Membership and Attendees

The Chief Executive Officer chairs the meeting, or in his/her absence the voting members will appoint one of their number to chair the meeting (the "Meeting Chair").

The Committee will comprise the following members:

- Chief Executive Officer;
- Chief Finance Officer;
- CEO Office representative;
- Chief Risk Officer;
- Chief Operating Officer;
- Chief Technology Officer;
- Chief Business Officer;
- Chief Legal Officer; and
- CSDR Programme Director

The Company Secretary will also be required to attend.

In addition, the following individuals are entitled to attend in a non-voting capacity:

- Chief Compliance Officer; and
- Chief Internal Auditor.

There are no alternates to the nominated representatives but where appropriate, individuals other than the voting members may be invited by the CEO to attend depending on the agenda for all or part of the Management Committee meetings.

## 5. Quorum

A quorum shall be five of the current Committee members in attendance. Meetings can be attended in person, by video conference or by conference call as agreed by the Committee Chair.

## 6. Frequency of meetings

The Committee will meet monthly and on an ad-hoc basis should any items require a meeting.

The cancellation of a scheduled meeting shall be agreed with the Committee Chair and Committee members will be notified accordingly.

It is expected that members will devote sufficient time to prepare for the meeting and will normally attend in person.

Sufficient time should be allowed to enable the Committee to undertake as full a discussion as may be required.

## 7. Meeting Agenda

The agenda for the meetings will be set by the Committee Chair. Individual members of the Committee will have the right to place items on the meeting agenda. Items to be discussed at the meeting must be included on the agenda. Exceptionally, an item not on the agenda may be addressed at the meeting provided all members present agree.

The agenda will be fixed before the meeting and must be distributed, along with relevant reading material, at least two working days before a meeting.

In addition, individual Committee members responsible for submitting reports to the Committee must ensure items of a significant nature are formally tabled and covered via the agenda. Any item of note must be shared at meetings rather than assumed to be covered by preparatory reading.

Any paper submitted to the Committee for consideration must be presented or sponsored by a member of the MRC with the exception of reports from the CRO, CCO and Internal Audit. All reports must follow the standard MRC template.

## 8. Voting

To the extent that voting is required at a meeting, a simple majority of voting members present will be required for approval of a motion. Each member will have one vote. In the case of equality of votes the Committee Chair will have the casting vote.

## 9. Proxy Voting

Where a member cannot attend in person, they can pass their input to the Secretary who can as necessary act as proxy for their stated vote for particular items. For the avoidance of doubt, proxy votes will not count towards the quorum.

## 10. Company Secretary

The Company Secretary or their nominee shall act as the secretary of the Committee (the "Secretary").

## 11. Committee Support and Resources

The Secretary will circulate final minutes to each member of the Committee promptly after each meeting. Members will take responsibility for actionable tasks. The Committee Chair may also nominate other such persons to receive the minutes.

The Secretary will liaise with the Committee Chair and agree dates and venues for meetings, including the requirement for submission of papers for inclusion on the agenda.

## 12. Conflicts of interest

Committee members should notify potential, or actual conflicts of interest regarding any matter under consideration by the Committee to the Chair or Company Secretary immediately. The Chair will determine how to conclude on the conflict of interest and, where necessary, the steps to be taken to manage such potential conflict in line with the procedure set out in the Board Policy on Conflicts of Interest.

Where the Chair has an actual or potential conflict of interest, they should notify it to the Company Secretary immediately. The Company Secretary will determine how to conclude on the conflict of interest and, where necessary, the steps to be taken to manage such potential conflict in line with the procedure set out in the Conflicts of Interest Policy.

## 13. Self-Assessment of Committee Effectiveness

The Committee shall carry out a self-assessment every two years which shall be designed to ensure the ongoing effective functioning of the Committee.

## 14. Review and amendment of these terms of reference

The Terms of Reference will be reviewed at least every two years by the Committee, which shall make recommendations for revision to the MC, as they consider appropriate.

## 15. Reporting obligations

Minutes will be sent to members of the MRC and the Risk Committee members. As the composition of this MRC is the same as that of the MC, it is not considered necessary to send minutes to the members of the MC.

Immediate escalation of matters outside of Risk Appetite to the Risk Committee.