

**Euroclear UK & Ireland Limited
(the “Company”)
UK User Committee
(the “Committee”)
Terms of Reference**

Adopted by the UK User Committee on 21 May 2019



Post-trade made easy

Table of Contents

| | |
|--|---|
| 1. Purpose | 3 |
| 2. Members and Chair | 3 |
| 3 Mandate | 3 |
| 4 Duties of Members (including the Chair) | 4 |
| 5 Meeting attendees | 4 |
| 6 Frequency of meetings..... | 4 |
| 7 Meeting agenda and notice..... | 4 |
| 8 Committee support and resources | 5 |
| 9 Attendance..... | 5 |
| 10 Voting..... | 5 |
| 11 Relationship with other corporate bodies..... | 5 |
| 12 Reporting to the Board..... | 5 |
| 13 Conflicts of Interest | 5 |
| 14 Resignation..... | 5 |
| 15 Review of Terms of Reference..... | 6 |
| 16 Publication | 6 |

1. Purpose

- 1.1 Each CSD establishes its own User Committee as required by Regulation (EU) 09/2014.
- 1.2 The User Committee is established for the securities settlement systems that the CSD operates. Its purpose is to: (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 users (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.

2. Members and Chair

- 2.1 The User Committee is composed of representatives of participants and issuers in the securities settlement system.
- 2.2 The User Committee Chair and members should have appropriate knowledge of the post-trade industry and have sufficient seniority and experience.
- 2.3 Nominees for User Committee Chair are proposed by the independent non-executive directors of the CSD based on data available in the records of the CSD (e.g. list of participants, segments of activities). The independent non-executive directors of the CSD will recommend the appointment of their preferred candidate as Chair to the User Committee. The decision to appoint the User Committee Chair will be made by a simple majority of User Committee members. The appointment will be ratified by an independent non-executive director of the CSD.
- 2.4 The User Committee Chair shall be subject to re-election as User Committee Chair at least every three years. Any proposed extension of the User Committee Chair's mandate beyond a term of 6 years will be subject to rigorous review to ensure his/her continued independence.
- 2.5 The User Committee Chair will identify potential candidates for User Committee membership based on data available in the records of the CSD (e.g. list of participants, segments of activities). The User Committee Chair will recommend that the User Committee as a whole approve each User Committee appointment.
- 2.5 Breach by the User Committee Chair or by any member of his or her duties under these Terms of Reference may result in his or her removal as a member of the User Committee and any further action deemed appropriate under the circumstances.
- 2.6 The User Committee members are expected to attend User Committee meetings in person. However, in exceptional circumstances, User Committee members may appoint delegates to attend a User Committee meeting in their place upon the Chairman's prior approval.

3. Mandate

- 3.1 The User Committee provides independent advice to the Board of the CSD on key arrangements that impact the CSD's users on the following matters:
 - criteria for accepting issuers and participants;
 - 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; and

- review and/or testing of the default procedures of the CSD.
- 3.2 The User Committee is informed by the CSD and acts as appropriate on audit findings relating to the topics covered by its mandate, ensuring that the provision of the information does not give a competitive advantage to any of the User Committee members.
 - 3.3 The User Committee is regularly informed of the performance of the CSD's securities settlement system.
 - 3.4 The User Committee may submit a non-binding opinion to the CSD Board containing detailed reasons regarding the pricing structures of the CSD.
 - 3.5 The User Committee may submit a request for implementation of DvP settlement for any link maintained by the CSD that would not yet be a DVP link.

4. Duties of Members (including the Chair)

- 4.1 Each member undertakes to actively engage in the User Committee meetings, dedicating sufficient time to their role as member. Each member will make every effort to attend User Committee meetings in person.
- 4.2 Each member shall represent a specific market area, not the organisations by whom they are employed.
- 4.3 Each member agrees that information provided by the CSD to User Committee members in the exercise of their functions as User Committee members may be confidential. All information provided to the User Committee will include a clear indication as to its confidentiality. Where material is marked as confidential, 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.
- 4.4 Each member acknowledges that he or she understands general principles of competition law and shall refrain from bringing commercially sensitive information to the User Committee.

5. Meeting attendees

- 5.1 All User Committee members.
- 5.2 Non-voting attendees:
 - Secretary nominated by the CSD management.
 - Relevant representatives of CSD management.
 - Any additional invitees as deemed necessary by the User Committee Chair.

6. Frequency of meetings

- 6.1 A minimum of four scheduled meetings per year.
- 6.2 Additional ad-hoc meetings as deemed necessary by the User Committee Chair.

7. Meeting agenda and notice

- 7.1 The User Committee Chair sets the agenda with input from the secretary.
- 7.2 Notice of meetings shall be sent by electronic means.

8. Committee support and resources

- 8.1 Administrative and logistical support is given by the CSD.
- 8.2 Minutes shall be drafted by the secretary, circulated to the User Committee for comments within a short timeframe and presented for approval at the subsequent meeting of the User Committee
- 8.3 Once approved, the User Committee Minutes will be made publicly available.

9. Attendance

- 9.1 At the beginning of each User Committee meeting, the User Committee Chair determines whether there is a sufficient and balanced representation of participants and issuers in order to proceed with the meeting.

10. Voting

- 10.1 Any advice, non-binding opinion or request of the User Committee shall be determined by a simple majority of User Committee members present.
- 10.2 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.
- 10.3 The User Committee Chair has the casting vote in case of equality of votes.

11. Relationship with other corporate bodies

- 11.1 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.
- 11.2 The User Committee may inform the CSD's competent authority of any areas in which it considers that the advice of the User Committee has not been followed.

12. Reporting to the Board

- 12.1 The User Committee will provide the minutes of their meetings to the CSD Board.

13. Conflicts of Interest

- 13.1 The User Committee Chair and members must comply with the User Committee Policy on Conflicts of Interest (Appendix 1).
- 13.2 When the User Committee Chair or any member has a potential or actual conflict of interest in the context of a specific matter falling within the remit of its mandate as a User Committee Chair or member, he or she shall not be allowed to vote on that matter.

14. Resignation

- 14.1 The Chair and the members may resign at any time by notice in writing.

- 14.2 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.
- 14.3 The Chair’s resignation notice should be delivered to the independent non-executive directors of the CSD Board, sufficiently in advance in order for the independent non-executive directors of the CSD Board to ensure proper succession as necessary.

15. Review of Terms of Reference

These Terms of Reference shall be subject to periodic review and approval by the CSD Board.

| | |
|----------------------------------|---|
| Policy Owner | UK Company Secretariat |
| Key contact(s) | Jennifer Parker |
| Approved by and date of approval | <p>Last reviewed and approved by the Board on 20 May 2019 .</p> <p>Current version adopted by UK User Committee on 21 May 2019.</p> <p><i>Revision and Approval History:</i></p> <p>First reviewed by the Board on 26 July 2017 and approved version adopted by UK User Committee on 30 October 2017.</p> <p>Further updated version approved by the EUI Board on 14 December 2017 and adopted by the UK User Committee on 21 December 2017.</p> <p>Further updated version approved by the Board on 17 December 2018 and adopted by UK User Committee on 12 February 2019.</p> |
| Next revision | December 2019 |

16. Publication

These Terms of Reference are available on the Euroclear website.



(CSD) User Committee Conflicts of Interest Policy

December 2017



Post-trade made easy

Table of Contents

| | |
|---|-------|
| 1. Scope | 3 |
| 2. Conflicts of interest | 4 |
| 2.1 What is a conflict of interest | 4 |
| 2.2. Identifying, managing and recording conflicts of interest | |
| 3 .Policy Implementation..... | 6 |
| 3.1 Creating awareness of this policy | 6 |
| 3.2 Oversight of this policy..... | 6 |
| 3.3 Violations of laws, regulations or Euroclear's policies | 6 |
| 3.4. Roles and Responsibilities | |
| 3.5 Definitions..... | 6 |
| 3.6 Reference information | 7 |
| Annex 1: Roles and Responsibilities relating to conflicts of interest | 8 |

1. Scope

Each Euroclear CSD has set up a User Committee for the securities settlement system it operates¹. Such User Committee is an advisory body that is entitled to advise the Euroclear CSD Board on specific matters. The functioning of the User Committee is detailed in its Terms of Reference.

Each User Committee must, in accordance with its Terms of Reference, put in place a Conflict of Interest Policy.

The objective of the present policy is to set out the requirements and expectations for managing conflicts of interest in the User Committees in line with the requirements of the Central Securities Depository Regulation (CSDR).

This policy also aims at ensuring a consistent and transparent approach to conflicts of interest management within User Committees across the Euroclear CSDs with effective measures to:

- identify potential or actual conflicts of interest;
- manage conflicts of interest; and
- record and disclose conflicts of interest.

User Committee members shall proactively identify and manage conflicts of interest when exercising their mandate in the User Committee as set out in this Policy. The CSD undertakes to provide adequate awareness of and support in the application of this policy to the User Committee members.

¹ EUI is the CSD for each of the UK and Ireland and has set up separate User Committee for the UK and Ireland

2. Conflicts of Interest

2.1 What is a conflict of interest

A conflict of interest (referred to as “actual Conflict of Interest”) is a situation pertaining to a User Committee member:

- where the judgment of a User Committee member concerning one interest may be unduly influenced by a second interest of that User Committee member (or a ‘Connected Person’), and
- creating a risk of damage to the interests of the Euroclear CSD, another User (or one of its clients) or one (or more) of the User’s own clients

A potential conflict of interest (“referred to as “potential Conflict of Interest”) is a situation which could potentially create, or could be perceived to create, an actual Conflict of Interest. A Conflict of Interest refers to an actual Conflict of Interest or a potential Conflict of Interest.

The User Committee member may be conflicted either:

- personally (including via persons directly or indirectly linked to them – see definition of ‘Connected Person’) or
- qualitate qua , i.e. in their capacity of employee or representative of a User.

2.2 Identifying, Managing and Recording Conflicts of Interest at User Committee

2.2.1 Identification and notification of conflicts of interest

As soon as the User Committee member becomes (or should be reasonably) aware of a Conflict of Interest as defined above and impacting his/her role within this committee, he/she should inform both the Committee Secretary and Chair of the Conflict of Interest.

The User Committee member has the duty to consider and disclose any Conflict of Interest both upon receipt of the agenda of the upcoming meeting and during discussions at the meeting.

2.2.2 Managing conflicts of interest

It is the User Committee Chair’s responsibility, assisted by the Committee Secretary and, upon request, by the CSD Compliance Officer, to conclude whether a Conflict of Interest does exist for a User Committee member, or not.

The Chair shall therefore not only assess the Conflict of Interest disclosed by one of the User Committee members but also raise the issue whenever he/she considers that a User Committee

member is facing a possible Conflict of Interest on the basis of the agenda or ongoing discussions at the meeting.

In his/her appraisal, the Chair will consider whether the particular matter does give rise to a Conflict of Interest for a User Committee member, by reference to each of the underlying elements of the definition outlined in 2.1 (existence of two conflicting interests and the risk of damage). Where the Chair of a User Committee determines that a member has a Conflict of Interest in relation to a particular matter, that member shall not be allowed to vote on that matter as specified in CSDR art. 28.5 and the Chair will consider whether other measures may also be appropriate, in the circumstances, including, but not limited to:

- ensuring such member does not receive User Committee papers in relation to the particular matter;
- exclusion of such member from discussions on the matter giving rise to the conflict;
- ensuring such member does not receive information on the discussions relating to the particular matter

In case the Chair discloses it has a Conflict of Interest or where a member raises a concern that the Chair may have a Conflict of Interest, the members of the User Committee (except the Chair) shall unanimously designate a member acting as Chair to determine whether or not a Conflict of Interest does exist for the Chair. Where the member acting as Chair concludes that the Chair has a Conflict of Interest in relation to a particular matter, the Chair shall not be allowed to vote on that matter and the acting Chair will consider whether other measures may also be appropriate in the circumstances..

2.2.3 Keeping a record of actual and potential conflicts of interest

The Committee Secretary will ensure that disclosures of Conflicts of Interest by User Committee members (and the Chair as the case may be) and decisions relating to Conflicts of Interest, are adequately documented and recorded in the minutes of any relevant meeting.

The Committee Secretary of each Euroclear CSD will record following information in a User Committee Conflicts of Interest Register:

- occurrence ;
- description of the actual or potential Conflict of Interest of User Committee members and;
- the measure prescribed by CSDR art. 28.5.

2.2.4 Disclosure requirements regarding conflicts of interest

Euroclear group CSDs must on an annual basis provide their competent authority with information concerning all identified actual Conflicts of Interest, including a description of the measures and controls put in place to manage conflicts identified. This report, which will be based on the User Committee Conflicts of Interest Register, will be verified by the CSD Compliance Officer who will report to the CSD's Board on the compliance of conflicts of interest cases identified or disclosed over the last year prior to disclosure to the authorities.

3. Policy Implementation

3.1 Creating awareness of this policy

The Committee Secretary is responsible for creating awareness regarding this Policy (including with third parties as required) and ensuring User Committee members, including the Chair, are informed of their responsibilities relating to conflicts of interest and the policies and procedures in place in the CSD.

The Committee Secretary is available to answer any questions that arise in relation to this Policy and its practical application.

3.2 Oversight of this policy

The content of this policy and all changes thereto will be submitted for approval to the relevant Euroclear CSD Board, subject to the right of the User Committee to request amendments to the Policy, to the extent permitted by the Euroclear CSD's applicable laws.

The Committee Secretary is accountable for overseeing the first line implementation of this policy with Compliance and Ethics responsible for ensuring compliance from a second line point of view. Together they will:

- review this policy at least once a year;
- report any material findings to the Boards; and
- recommend amendments or additions, where appropriate.

3.3 Breach of Policy

Breach by any User Committee member of its duties under this Policy may result in his/her removal as a member of the User Committee pursuant to its Terms of Reference.

3.4 Roles and Responsibilities

A description of the roles and responsibilities in relation to conflicts of interest in this Policy are set out in Annex [1].

3.5 Definitions

Board (of Directors) means the board of directors of the Euroclear CSD to which this Policy applies.

(Chief) Compliance Officer means the individual whose name has been provided to the CSD regulator as accountable for the Compliance and Ethics function of the Euroclear CSD , and his/her representative

A **Connected Person** means, for a natural person, all cases of the immediate family, such as:

- spouse or legal partner;
- parents and grandparents, and their spouses or legal partners;
- children and grandchildren, and their spouses or legal partners; and
- siblings and their spouse or legal partners.

It also includes any person having the same domicile or habitual residence as the User committee member.

A legal person will be considered to be directly or indirectly linked to a natural person when that natural person directly or indirectly has legal or *de facto* control over the legal person.

Committee Secretary means the individual duly appointed by the CSD to act as the committee secretary

User means a natural or legal person that uses or benefits from the services provided by one of the Euroclear CSDs to which this Policy applies, including participants in the settlement system, other users of services and issuers.

User Committee member means any person duly appointed to the User Committee in accordance with the User Committee Terms of Reference.

3.6 Reference information

| | |
|---|---|
| Policy Owner | Corporate Secretariat |
| Key contact(s) | Committee Secretary Compliance Officer |
| Approved by and date of approval (all Euroclear CSDs) | Euroclear Bank Board - Day Month Year Euroclear UK & Ireland Board - 14 Dec 2017 Euroclear France Board - Day Month Year Euroclear Nederland Board - Day Month Year Euroclear Belgium Board - Day Month Year Euroclear Finland Board - Day Month Year Euroclear Sweden Board - Day Month Year |

Annex 1

Roles and Responsibilities

The roles and responsibilities in relation to conflicts of interest in this policy are as follows:

| Function | Roles and responsibilities |
|------------------------|---|
| Board | The Board has overall responsibility for ensuring there are effective policies, processes and procedures in place for the management of conflicts of interest in the Company; including identification and management of conflicts of interests that relate to User committee members. |
| User Committee members | Every User committee member is responsible for identifying any Conflict of Interest arising in respect of their own User committee membership and for acting in accordance with this Policy and the general legal and regulatory provisions on conflicts of interest |
| Senior Management | Senior Management is responsible to ensure that the User Committee puts in place and ensure the effective implementation of a Conflicts of Interest Policy |
| Committee Secretary | The Committee Secretary is responsible for: <ul style="list-style-type: none">• Supporting the processes and procedures for the identification and management of Conflicts of Interests including making this Policy available to all User Committee members and ensuring due awareness on how the policy applies to User committee members;• Minuting and recording the Conflict of Interest and the measures taken in the Register• |
| | |
| Compliance Officer | The Compliance Officer will: <ul style="list-style-type: none">• Monitor the effectiveness of Conflict of Interests measures and controls;• Report to the Board on an annual basis on the overall compliance with this Policy; |
| Internal Audit | This Policy will be part of the independent audit and review of the effectiveness of the Conflict of Interest policies, processes and procedures to be carried out by Internal Audit in the CSDs |