

## **Euroclear Sweden (the "Company") CEO Instruction**

- 1. Introduction**      1.1. Under the Swedish Companies Act (2005:551) the CEO shall attend to the day-to-day management of the company pursuant to guidelines and instructions issued by the Board (general competence).

In addition, the CEO may without authorization by the Board, take measures, which in light of the scope and nature of the company's operations, are of an unusual nature or of great significance, provided a decision by the Board cannot be awaited without significant prejudice to the company's operations. In such cases, the Board shall be notified as soon as possible of any measure taken.

The CEO shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

- 2. Responsibilities**      2.1 The CEO's responsibilities and powers include, but are not limited to, the following:

- i. design and establish risk-management, technology, compliance and internal control procedures that promote the objectives of the Company;
- ii. subject the risk-management, technology, compliance and internal control procedures to regular review and testing;
- iii. ensure that sufficient resources are devoted to risk management, technology, compliance and internal control, and internal audit;
- iv. determine, implement and monitor the risk-management framework for operational risks, identify all of the Company's exposures to operational risk and track relevant operational risk data, including any cases where material data is lost.
- v. implementing the culture, values, standards, ethics and conduct of business rules of the Company, as established by the Board in internal codes of conduct;
- vi. maintaining a good relationship with the Company's regulator and other supervisory bodies;
- vii. taking the necessary measures to ensure compliance and implementation of the organisational requirements applicable to the Company;

- viii. reporting at least once a year to the Board, the statutory auditor and the supervisory authority on the assessment of the effectiveness of the Company's organisational structure and on any measures taken by the CEO to tackle shortcomings;
- ix. management of the Company's activity in line with the objectives and strategy determined by the Board and development of the governance structure;
- x. advising the Board regarding the definition of the Company's general policy and strategy, and communication of all relevant information to enable the Board to take informed decisions;
- xi. supervision of the line management, monitoring compliance with the allocated competencies and responsibilities, and overseeing of financial reporting;
- xii. organising an internal control system that provides reasonable assurance on the reliability of internal reporting and financial disclosure, in order to ensure that the annual accounts are in compliance with the applicable accounting regulations;
- xiii. ensuring that the remuneration policy established by the Board is correctly implemented;
- xiv. taking the necessary measures to ensure that the Company has an effective risk management system;
- xv. reporting to the Board on the Company's financial position and on all aspects required to enable the Board to fulfil its tasks effectively;
- xvi. ensuring that consultation is made for consultation matters in accordance with requests from the Board and Annex 1 to this document.

**3. Review of Terms of Reference**

- 3.1 Annual review by the CEO for recommendation to the Board.
- 3.2 Last approved by the CEO on 18 December 2019.
- 3.3 Last approved by the Board on 18 December 2019.

**4. Publication of Terms of Reference**

This document was last published on the Euroclear website xx 2019.

## **ANNEX 1**

### **Procedure for Consultation Matters**

In accordance with the *Terms of Reference for the Euroclear Sweden Board of Directors* the Euroclear Sweden Board of Directors (the "Board") shall under certain circumstances consult with Euroclear SA/NV ("ESA") before taking certain decisions affecting Euroclear Sweden's relationship to the group or risk profile. It is the responsibility of Euroclear Sweden's CEO and the ExCom to ensure that, for such a proposal, consultation is done in accordance with the below process.

- The CEO shall see that each item mentioned as a consultation matter is subject to prior consultation with ESA before being formally adopted, insofar the group view has not already been sought and obtained earlier;
- Each proposal as mentioned under as a consultation matter shall be submitted by the CEO, or an ExCom member to whom the responsibility has been delegated (the "Sponsor at CSD Level"), to the competent sponsor of ESA MC following a standard format. Likewise, if there is any doubt as to whether a particular matter falls within the scope of consultation matters, the matter shall be referred to the ESA MC sponsor who shall notify the sponsor at CSD level of his decision in this respect as soon as possible;
- The ESA MC sponsor shall place the proposal on the agenda of the next ESA MC (or the ESA MC committee having the relevant delegated power). Where necessary, the matter shall be referred to the first upcoming ESA Board in accordance with its Terms of Reference. The respective committee secretaries shall liaise for timely consideration of the matter in their own committee;
- Upon his request, the sponsor at CSD level may also attend the relevant committee meeting to present the matter;
- Review by ESA should consider the balance between group and local interests, including local regulations, materiality (impact, duration) of deviation from the group framework or policy and mitigating measures;
- When reviewing a proposal qualifying as:
  - Consultation Matters, ESA will issue an advice in writing on Euroclear Sweden's proposal
- The ESA MC sponsor shall communicate the ESA decision or advice as soon as the matter has been dealt with by ESA;
- After receipt of the advice, Euroclear Sweden may proceed with the proposal considering the consultation's outcome. Whenever the issue falls within the remit of the Board, the sponsor at CSD level shall for completeness' sake and information purposes include ESA's response in its proposal to the Board.

- In exceptional urgent circumstances, the above consultation procedure may be substituted by direct contact between the Euroclear Sweden's Board Chair/CEO and ESA Board CEO as the case may be.