



Remuneration Committee

Terms of Reference

1. Status

The Remuneration Committee (the “**Committee**”) is a sub-committee of the board (the “**Board**”) of LME Clear Limited (the “**Company**”) to which the Board has delegated consideration of the matters set out in paragraph 5 below.

2. Structure

(a) Composition

The Committee will be composed of 4 individuals appointed from the Non-Executive Directors (as defined in the Articles of Association of the Company). All members shall be independent directors (as defined by EMIR).

The members of the Committee shall be appointed by the Board.

Only members of the Committee have a right to attend meetings; however other members of the Board or senior management of the Company may be invited to attend, as appropriate.

(b) Chairman

The chairman of the Committee will be appointed by the Board. In the absence of the chairman at any meeting, the Committee will choose from their own number a member to act as chairman.

3. Reporting Procedures and Frequency of Meetings

The chairman shall report on an annual basis to the Board on the activities of the Committee during the preceding financial year.

Minutes will be taken for all meetings and, when the Committee chairman deems appropriate, tabled at meetings of the Board.

The Committee shall meet at least once a year. Additional meetings shall be held as the work of the Committee demands.

The chairman of the Committee may convene additional meetings at his discretion.

The Committee shall liaise with the Remuneration Committee of HKEX.

4. Quorum

3 Committee members shall constitute a quorum.

Decisions shall be determined by simple majority and, in the event of a tie, the chairman of the Committee shall have the casting vote.

Members of the Committee shall generally be appointed for three years, and shall be eligible for reappointment. If a member of the Committee ceases to be a member of the Board, their membership of the Committee shall automatically cease.



5. Authority

The Committee shall represent the remuneration needs of the Company to HKEX Remuneration Committee when considering the overall remuneration of the HKEX Group and shall operate within the parameters agreed with HKEX Group Remuneration Committee in the performance of its duties under its Terms of Reference.

The duties of the Committee are to:

- Consider the design of the remuneration policy for the Company, oversee the implementation of that policy by the management and review its operation on a continuous basis. The Committee shall ensure that the remuneration policy complies with the requirements of Article 8 of the Commission Delegated Regulation No 153/2013 (regulatory technical standards on requirements for central counterparties);
- review the remuneration policy on at least an annual basis;
- ensure that the remuneration policy is subject to independent audit on an annual basis and review the policy in line with any recommendations made following the audit;
- ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure has not been rewarded and that the duty to mitigate loss is fully recognised;
- within the terms of the agreed policy and parameters set by HKEX Group Remuneration Committee, approve the total individual remuneration package for each Executive Director and the Company's Chairman, having specific regard to the requirements of Article 8 of the Commission Delegated Regulation No 153/2013 (regulatory technical standards on requirements for central counterparties). Determination of the payments to Non-Executive Directors is a reserved matter for the Board. No Director or senior manager shall be involved in any decisions relating to their own remuneration;
- Within the terms of the agreed policy and parameters set by HKEX Group Remuneration Committee; and in consultation with the Chief Executive, as appropriate, consider the total individual remuneration package of members of the Executive Committee including salary, bonuses, incentive payments and share options or other share awards.
- review and note annually the remuneration trends that impact the Company;
- do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board; and
- conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by legislation.



Notwithstanding the above, the Committee shall not have authority to approve any decision that could have a significant impact on the risk profile of the Company. Any such decision shall be referred to the Board for approval.

6. Other Matters

- (a) The Committee shall:
- have access to sufficient resources and training in order to carry out its duties;
 - have access to members of management and legal counsel at any meeting if necessary; and
 - at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- (b) The Committee is authorised to appoint, at the Company's expense, consultants in respect of any matter within its terms of reference.
- (c) A Committee member must declare to the chairman of the Committee the nature and extent of any conflict of interest ("**conflict**") he may have as soon as reasonably practicable. The Committee member shall provide the chairman with such details of the matter as is necessary for the chairman to decide how to address the conflict, together with such additional information as the chairman may request. Where the chairman considers that any member has an actual or potential conflict on a particular matter, that Committee member shall not be permitted to vote in relation to that matter. Any conflicts shall be dealt with in accordance with the Conflicts of Interest Policy.



Document Change History

Date	Version	Author	Summary of Changes
	0.1-0.6		Drafts
05.12.2013	0.7	Michelle Thompson	Consistency updates for board review
17.10.2014	1.0	Hannah Moulton	Formatting following Board Approval
21.11.2014	2.0	Trevor Spanner	Incorporating changes arising from remuneration committee review on 20.11.2014
06.11.2015	2.0	Trevor Spanner	Reviewed no changes required
10.04.2018	2.1	Company Secretariat	Revised process for the approval of remuneration for Directors.
15.11.2018	2.2	Kye Pearson	Incorporated independence requirement for members and Committee duty to review EXCOM remuneration.

Document Distribution

Name	Title	Role	Date of Approval
Adrian Farnham	Chief Executive Officer	Review & Sign Off	
Chris Jones	Chief Risk Officer	Review & Sign Off	
Gavin Hill	Chief Compliance Officer	Review & Sign Off	
Executive Committee		Review & Sign Off	
Board		Review and Approve	Approved 04.12.2014
Remuneration Committee	Directors	Review and Approve	Approved 27.11.2015
Remuneration Committee	Directors	Review and Approve	15.11.2016
Board	Directors	Review and Approve	01.12.2016
Remuneration Committee	Directors	Review and Approve	21.11.2017
Board	Directors	Review and Approve	30.11.2017
Remuneration Committee	Directors	Review and Endorsement	19.04.2018
Board	Directors	Review and Approve	19.04.2018
Remuneration Committee	Directors	Review and Endorsement	21.11.2018
Board	Directors	Review and Approval	6.12.2018



References

Ref	Document Name	Description
	Conflicts of Interest Policy	<p>This policy sets out the arrangements to identify and manage conflicts of interest between:</p> <ul style="list-style-type: none">a) LME Clear (including LME Clear's managers, employees and persons with indirect control or close links) and its Members or Members' Clients (where known to LME Clear); andb) itself and other members of the HKEx Group.
	Remuneration Policy	<p>This policy applies to everyone who works for LME Clear and sets out the standards applied to determining the remuneration strategies of the Company</p>

