



Executive Committee

Terms of Reference

1 Purpose

The Executive Committee (“**ExCom**”) is a sub-committee of the board (the “**Board**”) of LME Clear Limited (the “**Company**”) to which the Board has delegated the powers set out in paragraph 3 below.

2 Administrative Structure

Composition

ExCom members will be appointed by the Chief Executive Officer in consultation with the Board.

Only members of ExCom have a right to attend meetings; however the chairman of ExCom may invite appropriate non-members to attend, as appropriate.

Chairman

The chairman of ExCom will be the Chief Executive Officer. In the absence of the chairman at any meeting, the Chief Operating Officer will act as chairman.

Reporting Procedures and Frequency of Meetings

- (i) The secretary (who shall be the company secretary of the Company) shall make the minutes of the ExCom meetings available to the Company directors on a periodical basis. ExCom shall aim to meet at least twice monthly, with ad hoc meetings as required.
- (ii) Meetings can be convened by the secretary of ExCom at the request of any of the ExCom members.

Quorum

Three members of ExCom, one of whom must be either the Chief Executive Officer or the Chief Operating Officer, shall constitute a quorum.

Voting

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

3 Authority

ExCom shall be responsible for the day to day management of the Company. The duties of ExCom shall include, but shall not be limited to:

- implementation of the Board’s approved strategies and policies;
- approve changes to the Rules (save for those reserved to the Board);
- proposing the annual budget and making proposals on clearing fees (subject to approval by the Board where necessary)
- achievement of planned financial and operating results and explanation of variances;

- approval of expenditure within budget in accordance with the current Expense Approval Guidance (“EAG”);
- approval of items of unbudgeted expenditure within the EAG;
- recruitment of staff within budget in accordance with the EAG;
- control over marketing strategy, procurement policy, external relations, staffing matters and internal organisation and communication, within any budget or strategic considerations set by the Board;
- ensuring consistency of the Company’s activities with the objectives and strategy of the Company as determined by the Board, taking into account the objectives and strategy of the HKEX Group;
- designing and establishing compliance and internal control procedures that promote the Company’s objectives;
- subjecting the internal control procedures to regular review and testing;
- ensuring that sufficient resources are devoted to risk management and compliance;
- active involvement in the risk control process;
- financial performance of the investment activities;
- receiving and considering reports and recommendation from the Executive Risk Committee and ensuring implementation of relevant recommendations;
- ensuring that risks posed to LME Clear are duly addressed and that all decisions are taken in line with the Risk Appetite Statement;
- receiving and considering reports and recommendations from the Board Risk Committee (BRC) and ensuring implementation of recommendations made by the BRC (subject to approval of the Board);
- ensuring and overseeing the compliance with all statutory duties imposed on it under all applicable laws and regulatory requirements; and
- overseeing the liaison with all regulatory authorities and organisations on all matters relating to the Company

Notwithstanding the above, save for the management of a clearing member’s default in accordance with the Company’s Rules, ExCom 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.

4 Other Matters

- 4.1 In the event of developments impacting the risk management of the company in an emergency situation, the ExCom shall be responsible for convening a meeting of The BRC in order to consult with such Committee. If it has not been possible, after reasonable efforts to hold a quorate meeting of The BRC within the time period defined by ExCom to deal with the emergency situation, the ExCom shall be able to proceed without the advice of The BRC.

- 4.2 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 of interest 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.
- 4.3 The Committee shall 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.

Document Change History

Date	Version	Author	Summary of Changes
	0.0-0.4		Draft versions
26/07/2013	0.5		Submission version
26/11/2013	0.6	Hannah Moulton	Pre-approval version Insertion of ownership, review cycle and references. Update ExCom to ExCom for consistency with the Submission
03/12/2013	0.7	Anouk Gauthier	Changes to role of ExCom during default management and add provision on voting.
17/12/2013	0.8	Anouk Gauthier	Updates
03/10/2014	0.9	Hannah Moulton	Formatting
26/01/2015	1.0	Jo Bieda	Removing job titles and consequential changes
07/04/2016	1.1	Jo Bieda	Minor changes proposed in the outcome of the annual review of the ToR

References

Ref	Document Name	Description
	Expenses Approval Guide	Group document setting out the parameters for the approval of operating and capital expenses.
	Risk Appetite Statement	Document setting out the mechanism by which identified risks will be recorded and monitored.
	Conflict of Interest Policy	Document setting out the policy for identifying, managing and disclosing actual or potential conflicts of interest which entail a material risk of damage to the interests of one or more Clearing Members of their Clients.

Document Distribution

Name	Title	Role	Date of Approval
Trevor Spanner	Chief Executive Officer	Review & Sign Off	22 July 2013
Adrian Farnham	Chief Operating Officer	Review & Sign Off	22 July 2013
Chris Jones	Chief Risk Officer	Review & Sign Off	22 July 2013
Anouk Gauthier	Chief Legal and Compliance Officer	Review & Sign Off	22 July 2013
Bernie Kennedy	Head of Business Development	Review & Sign Off	22 July 2013
Matt Cowan	Interim Chief Financial Officer	Review & Sign Off	22 July 2013
ExCom		Review & Approve	27/11/2013 Approved subject to amendments
Board		Review and Approve	Approved 04/12/2013
ExCom		Review and Approve	Approved 23/01/2015
Board		Review and Approve	23/04/2015
ExCom		Review and Approve	12/04/2016
Board		Review and Approve	19/04/2016