



Nomination Committee

Terms of Reference

LME CLEAR LIMITED

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A private limited company. Registered in England no 07611628. Registered office as above.

[LME.COM/CLEAR](https://www.lme.com/clear)

1 Status

The Nomination 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 2 below.

2 Purpose

2.1 Subject to the requirements of the Articles of Association of the Company (the “Articles”), the Committee shall:

- 2.1.1 regularly review the structure, size and composition (including but not limited to the skills, knowledge and experience) required of the Board and make recommendations to the Board with regard to any changes;
- 2.1.2 give full consideration to succession planning for Non-Executive Directors (as defined in the Articles) nominated and appointed by the Board in accordance with the Articles, taking into account the challenges and opportunities facing the Company, the need for Directors (as defined in the Articles) to be of sufficiently good repute and the need for Directors to have adequate expertise in financial services, risk management and clearing services;
- 2.1.3 be responsible for identifying and recommending, for approval of the Board, candidates to fill vacancies for the position of Non-Executive Director under the Articles as and when they arise. In identifying suitable candidates the Committee may:
 - i. use open advertising or the services of external advisers to facilitate the search;
 - ii. consider candidates from a wide range of backgrounds; and
 - iii. consider candidates on merit and against objective criteria and with due regard for the benefit of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position;
- 2.1.4 be responsible for selecting the representatives of clearing members and clients through the nomination process set out under the terms of the Board Risk Committee’s terms of reference to sit on such Board Risk Committee and attend Board meetings for matters relevant to Article 38 and 39 of EMIR;
- 2.1.5 in the light of the review conducted pursuant to Clause 2.1.1, prepare a description of the role and capabilities required for a particular appointment;
- 2.1.6 review annually the time required from Non-Executive Directors. Performance evaluation may be used to assess whether the directors are spending enough time to fulfil their duties;

- 2.1.7 ensure that, on appointment to the Board, directors receive a formal letter of appointment and appropriate supporting documentation setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings;
 - 2.1.8 for the appointment of a chairman of the Board, the Committee should prepare a job specification, including the time commitment expected. A proposed chairman's other significant commitments should be disclosed to the board before appointment and any changes to the chairman's commitments should be reported to the Board as they arise;
 - 2.1.10 do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board; and
 - 2.1.11 conform to any requirement, direction, and regulation that from time to time be prescribed by the Board or contained in the Articles or imposed by legislation.
- 2.2 The Committee shall periodically 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.
 - 2.3 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.

3 Composition

- 3.1 The Board shall appoint the members of the Committee in accordance with this section.
- 3.2 The Committee shall have up to five members (excluding the secretary), with a majority of Non-Executive Directors. The Board shall appoint the chairman of the Committee from one of the Non-Executive Directors.
- 3.3 The chairman shall not chair the Committee when it is dealing with the matter of his/her own succession. In the absence of the Committee chairman, the remaining members present shall elect one of themselves to chair the meeting.
- 3.4 Members of the Committee shall generally be appointed initially for three years, and shall be eligible for reappointment. Members of the Committee may be appointed for a period shorter than three years, or for a specific assignment, where appropriate, and subject to the provisions of these terms of reference. If a member of the Committee ceases to be a director of the Company, their membership of the Committee shall automatically cease.
- 3.5 The company secretary of the Company shall be the secretary of the Committee.

4 Frequency of Meetings

- 4.1 The Committee shall meet at least once per year and more frequently when appropriate.
- 4.2 Minutes will be taken for all meetings and, when the Committee chairman deems appropriate, tabled at Board meetings.

5 Quorum

- 5.1 Three members shall constitute a quorum.
- 5.2 In the event that a vote is required, decisions shall be determined by simple majority and, in the event of a tie, the chairman of the Committee shall have the casting vote.

6 Reporting Responsibilities

- 6.1 The Committee chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 6.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

7 Authority

- 7.1 The Committee is authorised to seek any information it requires from any employee of the Company in order to perform its duties.
- 7.2 The Committee is authorised to obtain, at the expense of the Company, outside legal or other professional advice on any matters within its terms of reference.

8 Other Matters

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 – 0.5		Drafts
09.12.2013	0.6	Michelle Thompson	Consistency updates for board review
17.10.2013	1.0	Hannah Moulton	Formatting following Board Approval
05.10.2015	1.0	Marcos Castro	Annual review no changes
15.10.2018	1.0	Marcos Castro	Annual review no changes

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	
Board	Directors	Review and Approve	16.12.2013
Nomination Committee	Directors	Review and Approve	14.10.2015
Nomination Committee	Directors	Review	21.11.2018
Board	Directors	Approval	06.12.2018

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> <p>(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); and</p> <p>(b) LME Clear and other members of the HKEx Group.</p>