

# Nasdaq CSD Risk Committee Charter



Revision 6

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## Table of Contents

1. Purpose.....	2
2. Objective and Responsibilities .....	2
3. Risk Committee Members and participants.....	3
4. Organizational Guidelines .....	3

## 1. Purpose

- 1.1. The Risk Committee (the “Committee”) is appointed by the Supervisory Council (the “Council”) of Nasdaq CSD SE (“Nasdaq CSD” or the “Company”). The Committee is established in accordance with article 26 (1) of CSDR<sup>1</sup> and article 48 of RTS 2017/392<sup>2</sup> and is an advisory committee to the Council. This Risk Committee Charter (the “Charter”) of Nasdaq CSD is setup in accordance with article 48 of RTS 2017/392.
- 1.2. The Risk Committee assists the Council of the Company in their risk oversight role surveilling the enterprise risk management framework’s appropriateness the consistency of the assumed level of risk with the strategy and risk appetite.

## 2. Objective and Responsibilities

- 2.1. The Committee is responsible for facilitating appropriate risk discussions, challenge risk taking based on risk identification and assessment and is responsible for advising on risks to the Council.
- 2.2. While the Council holds the final responsibility for managing risk of the Company, the Committee has the responsibility for advising the Council on the Company’s overall current and future risk tolerance and strategy. The Committee shall complete its objective by performing the following duties:
  - Surveille if the Company is operating within the Council’s approved risk appetite.
  - Review and recommend for the Council’s approval of the Company risk appetite and tolerances which shall take into account all the relevant risks faced by the Company.
  - Review the capital adequacy assessment on regular basis.
  - Surveille the framework of Top Down and Bottom-Up Risk Control Self Assessments; monitor the progress of implementation of risk mitigating measures across elevated residual risk categories;
  - Annually review the Recovery Plan and Plan for wind down.
  - Oversee implementation of action plans to remedy identified deficiencies pertinent to salient risk management issues.
  - Monitor risk incidents and highlight risk incidents, which are material in the context of the Company operations, to the Council.

<sup>1</sup> Regulation No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (the “CSDR”).

<sup>2</sup> Commission delegated Regulation (EU) 2017/392.

- Oversee and discuss the current and emerging risks and their potential impact to the strategy of the Company.
- Report any significant risk management issues to the Council and if deemed appropriate, to suggest further reporting to the relevant Authority.
- Annually review various Risk Management, Regulatory Capital and Outsourcing policies.
- Undertake other duties as required by the Council.

### 3. Risk Committee Members and participants

3.1. The Committee shall consist of at least three members of the Council, appointed by the Council from candidates who are qualified in accordance with related laws and CSDR.

3.2. The Council appoints one of the members of the Risk Committee as the Chairperson. A person with appropriate experience in the field of risk shall chair the Committee and who is independent from the members of Nasdaq CSD's Management Board.

3.3. The Committee may not be chaired by the Chairperson of the Council, the Chairperson of the Audit Committee or the Remuneration Committee.

3.4. The term of the Committee members is the same as the Council. In case any Committee member is removed for any reasons, which results the number of the Committee members less than two (2), the successor shall be appointed by the Council within three (3) months.

3.5. Relevant employees within Nasdaq CSD management, representing both 1st and 2nd line of defense, who serve key functions in developing an effective risk management culture shall be invited to the committee meetings. The Company's management as 1st line of defense retains ownership and is accountable for the day-to-day management of risk. The Company's 2nd line control functions are responsible for facilitating appropriate risk discussions, challenge risk taking based on risk identification and assessment and is responsible for independent reporting on risks to the Council. Collectively, the Risk Committee participants shall possess a deep knowledge of Nasdaq CSD overall risk exposure.

3.6. Additional Risk committee participants can be as follows (or their assigned delegates):

- Chief Risk Officer ("CRO") (Risk Committee administration, secretary)
- NCSD Management Board members;
- Chief Technology Officer ("CTO") and CISO;
- Chief Compliance Officer ("CCO") (reporting and/or observer)
- Treasury function
- Legal Counsel
- Internal Audit (Observer)

3.7. Chief Risk Officer of the Company acts as the secretary of the Committee.

### 4. Organizational Guidelines

#### 4.1. Committee Meetings: Frequency and Schedule

4.1.1. The Risk Committee shall meet quarterly, or more frequently, as called by the Chairperson. As and when needed, the Chairperson may call an executive session of the Committee.

- 4.1.2. Per-capsulam meetings can only be held exceptionally if a quick decision is required. Chairperson determines if a per-capsulam meeting were to be required.

#### 4.2. Quorum

- 4.2.1. A meeting may be held if at least two members of the Committee are present;
- 4.2.2. Any matter shall be approved by more than one-half vote from all the Committee members. The resolution(s) shall be announced in the meeting and recorded in the meeting minutes.
- 4.2.3. All Committee members shall attend Committee meetings in person. The Committee meetings may be held via video conference, telephonically or by other media, which allows members to hear and participate in the Committee proceedings.
- 4.2.4. In exceptional circumstances, the Risk Committee may adopt resolutions by voting via e-mail. However, it is understood that not more than one regular quarterly meeting in a calendar year may be replaced with voting via e-mail.

#### 4.3. Agenda

- 4.3.1. The Chairperson shall set the agenda for each meeting, which includes setting a forward agenda to evidence that the full universe of risks have been considered/ discussed over the course of the year including discussion of all recent topics.
- 4.3.2. Any member of the Committee can propose agenda topics.

#### 4.4. Reporting

- 4.4.1. Reports from the Committee: Risk Committee provides reviewed and pre-approved material to the Council.
- 4.4.2. Reports to the Committee: All Risk Committee members and other key functions escalate issues and provide reports, as appropriate and/or requested to the Risk Committee.

#### 4.5. Committee Records

- 4.5.1. Agenda, supporting documentation and prior meeting minutes will be circulated to the Committee members in advance where possible, at least five (5) days before the meeting (via Boardvantage platform).
- 4.5.2. Minutes of the meeting shall be sent to the Committee Chairman for review within five (5) business days after the meeting. The secretary of the Committee within five (5) business days incorporates remarks or comments received for final approval. If no additional remarks received within 3 business days, Committee Secretary shall distribute final minutes to Risk Committee participants with no delay. The approved Minutes are also posted onto the Boardvantage as soon as practical.

#### 4.6. Confidentiality of Committee Information

- 4.6.1. The Committee information may only be distributed as authorized in this Charter or by the Chairperson, as part of the implementation of actions authorized by the Committee or as necessary to comply with internal reporting requirements. In order to maintain confidentiality, persons not

directly representing the needed functions for the Company or its subsidiaries are not permitted to participate in the Committee meetings other than to give a presentation as an agenda item as requested by the Chairperson.

#### **4.7. Execution and Resources**

- 4.7.1. The manpower, administration, office and competent resources that the Committee need to call meeting, conduct meeting, execute resolution shall be provided by Nasdaq CSD. The Committee, by resolution, may hire attorneys, certificated public accountants, or any other expert to provide necessary audit, consultant services with respect to Committee duties, the expense shall be paid by Nasdaq CSD.

#### **4.8. Amendment of the Risk Committee Charter**

- 4.8.1. This Charter shall be reviewed on an annual basis. Committee members may suggest amendments to this Charter.
- 4.8.2. Charter amendments shall be approved by the decision of the Supervisory Council of the Company.