

Business Rules

Risk Committee

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1 § 1 Scope of Application and Definitions

- (1) The following Business Rules apply to the Risk Committee of CCPA, which, in the meaning of Article 28 of Regulation (EU) No. 648/2012 is to serve as advisory committee to the Supervisory Board of CCPA.
- (2) The Risk Committee will be established and maintained pursuant to Article 28 of Regulation (EU) 648/2012 for the purpose of advising the bodies below provided this is in compliance with the law:
 - (a) The Supervisory Board of CCPA on matters defined in EMIR § 2 para. (1),
 - (b) The Management Board of CCPA on consultation matters defined in § 2 para. (2), and
 - (c) in further matters defined in § 2 para. (3)
- (3) The Risk Committee is authorized to deal with EMIR matters and to advise the Supervisory Board on such matters. The Risk Committee is also authorized to deal with consultative matters pursuant to § 2 para. (2) and to advise the Management Board. Upon request of a member of the Management Board, the Risk Committee also provides consulting on further matters pursuant to § 2 para. (3).
- (4) The Supervisory Board shall always be kept informed about the activities of the Risk Committee (including the activities of the Risk Committee for the Management Board). In particular, the Supervisory Board shall be informed of the position taken by the Risk Committee in response to questions from the Management Board.
- (5) Neither the Management Board nor the Supervisory Board is under the obligation to accept proposals by the Risk Committee or to take any measures it proposes; any deliberations and/or decisions by the Management Board and of the Supervisory Board regarding such proposals are made at their sole discretion without incurring any obligation vis-à-vis the Risk Committee in respect of such deliberations and/or decisions or requiring a statement of reasons¹.
- (6) "Business days" are days on which clearing takes place at CCPA.

¹ This does not affect the legal obligations of the Supervisory Board to deal with matters on which it has been advised by the Risk Committee.

2 § 2 Relevant Matters

- (1) EMIR matters are the following risk-related themes that go beyond normal business activities, if and to the extent these may have an impact on the risk management of CCPA:
- (a) Material changes to the risk models of CCPA;
 - (b) Changes to the procedures in the event of default of a clearing member;
 - (c) Changes to the admission criteria as a clearing member;
 - (d) The clearing of new categories of instruments;
 - (e) The outsourcing of functions by CCPA;
 - (f) All other matters that go beyond normal business activities that may affect the risk management of CCPA.

EMIR matters also include:

- (g) The internal principles for ascertaining extraordinary but plausible market conditions to which CCPA may be exposed;
 - (h) The liquidity plan;
 - (i) The principles for the use of derivatives as highly liquid financial instruments for the purposes of Art. 47 (1) EMIR.
- (2) The Management Board is under the obligation to consult the Risk Committee for advice on the following consultation matters:
- (a) Reviews and material changes and adjustments to the quantification, summary and treatment of the risks in the models used by CCPA, their methodology of liquidity management;
 - (b) Major changes and adjustments to the principles of CCPA for reviewing the structure and adequacy of the margins, the mutual clearing fund and other financial resources as well as the framework conditions to compute liquid funds;
 - (c) The systems and evaluation models used to validate the CCPA models when prices are not easily available;
 - (d) Review of the margin models of CCPA²;
 - (e) Review of the reverse stress test developed by CCPA².

² To this end, the Management Board will regularly report the results of stress tests, back-testing, reverse stress tests and sensitivity testing by CCPA and their evaluation pursuant to §3 to the Risk Committee.

- (3) The Management Board has the right to consult the Risk Committee on further matters, if and to the extent these may have an impact on the risk management of CCPA and its clearing members:
- (a) Material changes to the Clearing Rules, including
 - (i) the default fund arrangements (especially as defined in the General Terms and Conditions of Business of CCPA);
 - (ii) the method of determining the collateral accepted (as defined in the General Terms and Conditions of CCPA) and the methods of defining haircuts;
 - (b) All other matters that in the view of the Management Board may have an impact on the risk management of CCPA and its clearing members.

3 § 3 Obligation to Inform the Risk Committee

The Management Board and the Supervisory Board shall provide the Risk Committee as soon as possible and insofar as practically feasible and subject to applicable law, all information and documents it needs to fulfill its functions in the meaning of § 1 para. (2) in aggregate and anonymous form.

4 § 4 Risk Committee Members, Chairmanship and Period of Office

- (1) The Risk Committee shall be composed as follows, provided that none of the following groups of representatives shall have a majority on the Risk Committee:
- (a) Risk Committee members nominated by clearing members (GCMs, DCMs) from the securities market selected pursuant paras. (2) and (3);
 - (b) Risk Committee members nominated by non-clearing members (NCMs), registered clients and additional clients ("Clearing Client", together the "Clearing Clients") in the securities market selected pursuant to para. (4);
 - (c) Risk Committee members nominated by clearing members (ECMs) from the electricity spot market selected pursuant to paras. (2) and (3); and
 - (d) independent members of the Supervisory Board delegated by the Supervisory Board
- (2) The Management Board prepares a ranking of clearing member risk for its clearing members (in aggregate form for clearing members belonging to a group)³ at its own discretion and taking into account the parameters below for every period of office:

³ All parameters to be considered for the risk ranking refer exclusively to positions/securities/obligations with or vis-à-vis CCPA.

- (a) Margin obligation,
- (b) Products (positions) for which a clearing member has clearing obligations,
- (c) Number of customers for whom the clearing member acts as clearer; and
- (d) Diversification of the collateral supplied;

The Management Board invites the clearing members with the highest clearing member risk ranking to nominate a Risk Committee member for the relevant period of office. The nomination of a Risk Committee member shall be made in accordance with para. (10) and shall be notified to the Management Board within 10 (ten) business days after sending the invitation. The Management Board reviews the nomination and forwards it to the Supervisory Board according to para. (10).

- (3) If a nomination by a clearing member does not meet the requirements of para. (10) or if the deadline for the submission of the nomination documents is not met, the Management Board will request the next clearing member according to the clearing member risk ranking to submit a nomination pursuant to paras. (2) and (10).
- (4) The Supervisory Board appoints, at its discretion and taking into account diversification and the objective of securing adequate representation of the clearing members for the concerned period of office, the members of the Risk Committee pursuant to para. (1) lit. (a) and informs the Management Board of its choice for the appointment. The Supervisory Board has the right to reject a nomination proposed without stating grounds and to request the Management Board to obtain new nomination proposals pursuant to para. (3).
- (5) The Management Board prepares, at its own discretion and taking into account the following parameters for each functional period, a risk ranking of its customers:
 - (a) Products (positions) cleared for the clearing clients,
 - (b) Number of clearing clients for whom the clearing member clears; and
 - (c) Diversification of the business model (asset manager, etc.).

The Management Board invites the clearing members with the highest clearing member risk ranking to nominate a Risk Committee member for the relevant period of office. The provisions of paras. (2), (3) and (4) apply accordingly⁴.

- (6) The Supervisory Board appoints the chairperson and the vice chairperson of the Risk Committee from among its independent members pursuant to para. (1) lit. (c) and notifies the Management Board of the appointment.
- (7) Every member of the Risk Committee nominated by the Supervisory Board is appointed by the Management Board as a Risk Committee member for one period of office of up to three years that ends on 31 December of the year following the year of appointment.

⁴ CCPA does not consider customers that are part of a company group that has already been requested to nominate a Risk Committee member pursuant to para. (2).

- (8) The Management Board appoints the secretary of the Risk Committee who shall also serve as keeper of the minutes and administrator for the Committee.
- (9) Membership in the Risk Committee shall end prematurely during the period of office in the following cases:
- (a) When a selected Supervisory Board member is no longer an independent member of the Supervisory Board,
 - (b) The basic requirements for membership in the Risk Committee are no longer given
 - (i) The Committee member no longer meets the requirements of para. (10),
 - (ii) The Committee member is no longer permitted to represent the nominating party⁵,
 - (iii) The nominating member is no longer a clearing member of CCPA,
 - (iv) the Committee member is no longer a clearing client of CCPA.

In such cases, the Management Board will take measures to secure a successor in accordance with §4 (with an updated member or customer ranking).

- (10) To nominate a person to the Risk Committee, proof must be furnished that the person has the required expert knowledge. For this purpose, a curriculum vitae, as well as a confidentiality agreement⁶ formulated by CCPA, and if applicable, other suitable evidence must be submitted. Expert knowledge is deemed given, for example, when
- (a) the person holds a position of responsibility in the area of daily risk management;
 - (b) the person has expert knowledge regarding internal risk management;
 - (c) the person has decision-making powers with respect to the description and definition of (intraday) risk management;
 - (d) the person has knowledge of the risk profiles of customers.
- (11) The nominated representatives of the clearing members and clearing clients are obliged to immediately notify the Risk Committee secretary of any changes in their curriculum vitae (e. g. by taking up new professional activities) that may conflict with the responsibilities assumed at the CCP in the Risk Committee. In consultation with the Chief Compliance Officer, a decision on the continuation or termination of the mandate will be taken in a timely manner. The decision shall then be communicated to the relevant clearing member representative or clearing client.

⁵ A person nominated to the Risk Committee does not have to be an employee of the nominating party.

⁶ In accordance with the requirements of the ESMA Guidelines on Conflicts of Interest in CCPs (ESMA70-151-1439).

5 § 5 Convening of Risk Committee Meetings

- (1) The Risk Committee secretary convenes the meetings of the Risk Committee on behalf of the chairperson and after coordinating the meeting with him/her by sending out an invitation. This invitation must include the agenda of the meeting and list all matters to be discussed at the meeting. The agenda must state each discussion theme separately pursuant to § 1 para. (2) lit. (a) and (b). At least two meetings must be held in the calendar year.
- (2) The meetings are convened by sending electronic mail to the addresses given by the members stating the time, place and agenda.
- (3) The meeting is convened by advance notice of seven days running from the day of the convening of the meeting (day sent) to the day of the meeting (day sent and day of the meeting do not count) by sending an e-mail to the last known address of the members.
- (4) Irrespective of the above clauses, the chairperson may shorten the period for convening a meeting in cases of urgency. In such cases, it must be ensured that the Committee has a quorum pursuant to § 8. It is permitted to convene telephone and video conferences.

6 § 6 Procedures of the Risk Committee; Voting

- (1) All decisions and recommendations of the Risk Committee are taken at a meeting (with the exception of § 8 para. (2) by a majority vote of the attending Risk Committee members.
- (2) Each Risk Committee member has one vote in the voting procedures. In case of a tie, the chairperson has the casting vote.
- (3) The chairperson shall exclude a Risk Committee member from voting on a specific matter if the chairperson ascertains or has reason to believe that said Risk Committee member has an actual or potential conflict of interest in a specific matter.

7 § 7 Declarations by the Risk Committee

Declarations of the Risk Committee vis-à-vis other bodies of the company and the public are made by the chairperson, or if he/she is not available, by the vice chairperson, unless the Risk Committee decides otherwise in individual cases.

8 § 8 Quorum of the Risk Committee, Decisions by Circular

- (1) The Risk Committee shall have a quorum when all Risk Committee members have been invited and at least half of the Risk Committee members take part in a vote. When ascertaining a quorum, the Risk Committee members that are excluded from voting pursuant to § 5 para. (3) are not counted.
- (2) Decisions may also be taken without holding a meeting by written circular (circular voting procedure) provided no member of the Risk Committee rejects this mode of procedure.
- (3) The matters to be voted on are notified in the same manner as when convening a meeting and by applying the requirements applicable to the agenda as stated in § 5.
- (4) Decisions taken by written circular must be duly recorded by applying the provisions of § 10 and notified to all members of the Risk Committee and to the Management Board.

9 § 9 External Independent Experts; Supervisory Bodies

- (1) The Risk Committee may invite external independent experts and employees and members of the bodies of CCPA to take part in meetings ("guests"). The Risk Committee may delegate this decision to the chairperson. Guests do not have voting rights at meetings of the Risk Committee.
- (2) The competent supervisory bodies are entitled to take part in meetings of the Risk Committee without any voting rights and to receive information on the activities and resolutions of the Risk Committee.
- (3) The Management Board informs the competent supervisory bodies of decisions in which the Supervisory Board did not follow the advice of the Risk Committee with respect to EMIR-related matters.

10 § 10 Minutes and Reports

- (1) The minutes of the meetings of the Risk Committee are kept by the secretary. The minutes must contain the place and day of the meeting, the participants, the agenda, the main content of the discussions, the resolutions passed and the results of votes. Every Committee member has furthermore the option of requesting specific statements to be included in the minutes; this request must be clearly stated and formulated in concrete terms. The minutes are to be signed by the person chairing the respective meeting and by the secretary.
- (2) If a vote is not unanimous, the reasons for the votes against and for the votes in favor are to be included in the minutes.
- (3) A copy of the minutes is to be sent to every member of the Risk Committee and to the Management Board by electronic mail. The minutes are deemed approved unless a member of the Risk Committee who took part in the vote raises an objection at the latest at the next meeting.

- (4) The Risk Committee may charge Risk Committee members with the preparation of proposals, statements of opinion, reports and other documents in the name of the Risk Committee that represent the views of the Risk Committee with respect to the matter on hand.
- (5) The chairperson may present such reports at meetings for approval; or also, if he/she believes that the report represents the views of the majority of the Risk Committee members after it has been sent to all members, the chairperson may send the report to the Supervisory Board (in the case of a consultation pursuant to § 1 para. (2) lit. (a)) or to the Management Board (in the case of a consultation pursuant to § 1 para. (2) lit. (b)). The report is then attached to the minutes of the meeting at which the preparation of the report was decided. The report is considered a statement of opinion of the Risk Committee.

11 § 11 Costs; Compensation

The costs of attending and working on the Risk Committee and taking part in the meetings are borne by the Risk Committee members themselves.

12 § 12 Confidentiality

- (1) Unless otherwise specifically stated in these Rules or required by applicable law, every Committee member is under the obligation to
 - (i) maintain confidentiality with respect to all aspects of the Risk Committee, especially all discussions, consultations, procedures, and results of votes, and
 - (ii) to refrain from using information acquired pursuant to (i) to his/her own benefit, the benefit of his/her company or associated companies, or to the benefit of any other third party.
- (2) Every member of the Committee is under the obligation to observe secrecy without any restrictions with respect to all business and operating secrets as well as all other data or information he/she gains knowledge during the period of membership in the Risk Committee and also after termination of membership in the Committee.
- (3) If guests are invited to take part in the meetings of the Risk Committee, these must also sign a confidentiality agreement pursuant to § 4 para. (10). Para. (2) applies mutatis mutandis.

13 § 13 Obligations of the Risk Committee Members

- (1) The Risk Committee acts independently when making recommendations. Every member of the Risk Committee is under the obligation to carry out his/her tasks independently, exercising due care and free from conflicts of interest.

- (2) The members of the Risk Committee pursuant to § 4 para. (1) lit a and b exercise their office voluntarily; no employment relationship exists between the members and CCPA and there is no claim to any compensation.

14 § 14 Subcommittees

The Risk Committee may set up subcommittees for specific themes. Risk Committee members that do not belong to the respective subcommittee are not obligated to take part in the meetings of the subcommittees. These Business Rules apply to all subcommittees. All decisions reached by subcommittees are presented to the Risk Committee for further discussion. The Risk Committee is not under the obligation to follow the recommendations of the subcommittees.

15 § 15 Final Provisions

- (1) These Business Rules and all rights and obligations resulting therefrom are subject to Austrian law.
- (2) The Business Rules are published on the website www.ccpa.at.
- (3) The chairperson must hand over a copy of these Business Rules to every member of the Risk Committee.
- (4) The Supervisory Board of CCPA takes decisions on any amendments to these Business Rules.
- (5) These Business Rules take effect on the day the Supervisory Board passes the resolution.