

# Governance Regulations

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Document Title	EMIR* Article	RTS** Article	Document Class
Governance Regulations	26	7 para. 3 lit. b	Policy

\*EMIR = Regulation (EU) 648/2012 ; \*\* RTS = Del. Regulation (EU) 153/2013

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*Note: This translation of the German original is provided for information and convenience purposes only and is not legally binding. It is not part of the application filed on 12 September 2013 and therefore only the German original is legally binding.*

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## 1 Introduction

According to the provisions of Art. 26 of the Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (hereinafter EMIR) in connection with the provisions of chapter III of the Commission Delegated Regulation (EU) No 153/2013 of 19 December 2012 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards on requirements for central counterparties (hereinafter RTS), the CCP Austria Abwicklungsstelle für Börsengeschäfte GmbH (hereinafter CCP.A) defines guidelines and objectives in order to ensure a clear organisational structure and direct reporting lines in these *Governance Regulations*.

The responsibilities as well as the relevant risk management entities and their range of duties are defined. Furthermore, the composition of the relevant bodies, their tasks as well as their authority to decide are described. It is also referred to internal control mechanisms as well as measurements of keeping confidentiality and safety. Lastly, the accomplishment of independent assessments, the disclosure duties as well as the records within the placing of operative orders of CCP.A to third parties are illustrated.

## **2 Description of the Organizational Structure and Responsibilities**

### **2.1 Company Structure**

CCP.A was founded by Oesterreichische Kontrollbank AG (hereinafter OeKB AG) and Wiener Börse AG (hereinafter WBAG) on 2 August 2004 and launched operations on 31 January 2005. The share capital of the company amounts EUR 11.8 million OeKB AG and WBAG are both 50 percent owners of CCP.A.

Due to the foundation of CCP.A, an efficient clearing structure was built to strengthen the financial location Austria. The company is both, a central counterparty for the clearing of all CCP-eligible stock exchange transactions concluded at the Vienna Stock Exchange as securities stock exchange as well as general commodity exchange for trading in spot market products in electric energy (electricity) and a clearing house pursuant to § 9 para 3 BörseG 2018. In the securities clearing area, CCP.A – in its function as EMIR-certified central counterparty – stands between the trading process, which takes place on the Vienna Stock Exchange (Wiener Börse AG), and the settlement, which is executed by OeKB CSD GmbH (hereinafter OeKB CSD) for all transactions in Austria. In the electricity clearing area, the trading process takes place in the trading system of EXAA Abwicklungsstelle für Energieprodukte AG, which is commissioned by the Vienna Stock Exchange as a licensed general commodity exchange. CCP.A is responsible here as an EMIR-certified central counterparty for clearing and risk management, specifically the settlement of payments and physical fulfilment in the form of schedules.

CCP.A may provide services in connection with the determination of net positions of concluded exchange transactions, the determination of risks and the calculation of necessary collaterals (risk management) of market participants, as well as similar activities for other publicly traded companies, for foreign exchanges, for domestic or foreign operators of regulated markets and for national or international multilateral trading systems. CCP.A was positioned as the only Austrian company for the clearing of Austrian stock exchange trades and the associated risk management.

The fundamental bodies of the company are the Managing Directors, the Supervisory Board along with its committees and the General Assembly. In accordance with EMIR, CCP.A has established a Risk Committee as an advisory body of the Supervisory Board as well as the functions Chief Compliance Officer (CCO), Chief Technology Officer (CTO) and Chief Risk Officer (CRO). In the following section merely the Management Board will be described. The other bodies and functional units will be described in the further chapters.

Currently, CCP.A serves about 60 (direct and indirect) participants from the Exchange Members of the Vienna Stock Exchange as a securities exchange and around 60 members of the Vienna Stock Exchange as a general commodities exchange.

### **2.2 Managing Directors**

CCP.A has two Managing Directors, who represent the company jointly or together with an Authorized Signatory. They conduct the business of the company according to the relevant law, particularly the federal act on Limited Liability Companies (GmbHG), EMIR, its RTS and other delegated regulations, the company agreement as well as the Internal Business Rules for the Managing Directors and are obliged to the company to observe the restrictions, which arise from the company agreement or the Internal Business Rules for the Managing Directors or any resolution of the General Assembly or the Supervisory Board. Thereby they have to apply always the duties of care of a prudent businessperson.

Pursuant to the schedule of responsibilities of the Internal Business Rules for the Managing Directors, the area of responsibilities includes the implementation of national and international regulations and standards, particularly EMIR, its RTS and all other regulatory and supervisory requirements that are applicable to the CCP.A, so that the Managing Directors always act jointly in context with the present *Governance Regulations*.

The Management Board ensures the coherence of CCP.A's activities with the determined objectives and strategies and is actively involved in the process of the risk controlling. For that purpose, it ensures, that risks for CCP.A, originating from the clearing and the associated activities, are handled appropriately. The Management Board compiles and establishes procedures regarding compliance and internal assessments to support the objectives of CCP.A, whereby it affirms, that these procedures shall be assessed through regular tests and inspections. While doing so it has to be ensured, that sufficient resources for the risk- and compliance management are provided.

The Managing Directors are obliged to inform each other about all important procedures and affairs of their respective business unit. Meetings of the Management Board take place at least once a month or more frequently, if needed.

## **3 Responsible Risk Management Units and their Area of Responsibilities**

### **3.1 Chief Risk Officer (CRO)**

With its CRO, CCP.A has a solid framework for its risk management available, in order to manage credit risks, liquidity risks, operational risks and other risks including risks, which are beard by or present to CCP.A due to interdependences with other facilities.

When establishing a solid framework for risk management, the CRO takes the potential risks and the economic effects for the Clearing Members and their Clients as well as to the company itself into account. The establishment and the operation of an extremely solid risk management is the priority objective of CCP.A.

The CRO is responsible that the risk management procedures are sufficiently robust and resilient and correspond to the degree of complexity of the day-to-day business as well as exceptional market events. Therefore, the CRO processes significant changes of the risk model, the procedure for failure of a Clearing Member or customer, the criteria for the approval of Clearing Members and Clients, the clearing of new categories of instruments or the outsourcing of functions.

The CRO shall apply prudent risk management practices in order to ensure that CCP.A remains safe and solid in all market conditions. The appropriate definition of extreme but plausible market conditions is one of the key elements of the risk management. To keep the risk management up to date, the extreme but plausible market conditions are not defined as a static concept, but as conditions which may be developed over time and vary depending on the market.

The CRO is responsible for establishing detailed rules with regard to the nature of the carried out stress and back tests, to cover the broad range of securities transactions, which are cleared now and in the future, to cope with the different business- and risk management strategies of CCP.A. With these measures, CCP.A should be prepared for future developments and new risks and provide sufficient flexibility.

The CRO develops adequate instruments for the risk management to control and report all relevant risks. These instruments include the identification and control of systemic, market-related or other mutual dependencies.

The risk management framework takes the current liquidity requirement into account, which arises from the relationship of CCP.A with the clearing participants and to which CCP.A bears a liquidity risk.

### **3.2 Risk Committee**

According to the requirements of Art. 28 EMIR, CCP.A has appointed a Risk Committee, which consists of the independent members of the Supervisory Board as well as of representatives of the Clearing Members and Clients of CCP.A. The Risk Committee has an advisory function in particular.

In *chapter 4.3* a detailed description of the Risk Committee can be found, wherefore please refer to this chapter.

### **3.3 Employees being directly involved in the clearing**

The daily risk management tasks include the calculation of the risk parameters and margin requirements of Clearing Members as well as their assigned Clients, the collateral valuation and the processing of margin calls. These tasks are automatically processed in the clearing system and constantly monitored by the responsible Operations Team and Backoffice. The daily calculation of

CCP.A's liquidity requirement under normal and stressed conditions as well as the preparation of all reports (for Clearing Members, CRO, and Managing Directors) are also part of the daily risk management tasks and are carried out by the Backoffice.

## 4 Relevant Bodies and their Decision-Making Power

In this chapter, the General Assembly and the Supervisory Board are described as well as the Risk Committee, which has been established as an advising body to the Supervisory Board.

### 4.1 General Assembly

The General Assembly meets at least once a year in the first eight months of each financial year as well as whenever it is required for the benefit of the company, and takes the resolutions which, according to law, particularly the GmbHG, or to the articles of association are reserved to it. The General Assembly is attended by the representatives of the shareholders of OeKB AG and WBAG, the Managing Directors, as well as if necessary also external (auditors, notaries, etc.).

According to the articles of association of CCP.A, the Management Board requires the approval of the General Assembly for

- **the outsourcing of parts of business as well as employees by the company;**
- **the budgeting for the respectively following fiscal year;**
- **deviations of the approved budget, unless these expenses or actual or latent obligations in future cause more than EUR 20,000.- in individual cases;**
- **disposals of intellectual property rights, conclusion of patent-, license- (unless it does not concern the normal product licenses for users), know-how- and cooperation agreements**
- **guarantee services, contribution of guarantees as well as the acceptance of exchange bill obligations that exceed in individual cases a total of EUR 20,000.- (the activity of the CCP as central counterparty in the usual business is not covered by this provision);**
- **the conclusion, amendment or termination of in-itself businesses of the Managing Director and of agreements between the company on the one hand and its shareholder as well as companies, where it is known that they are directly or indirectly involved in the shareholder's companies, whereby for listed companies a shareholding up to 10% has to be unconsidered, on the other hand**
- **the granting or revocation of a power of attorney**

In addition, all decisions and measures require the approval of the General Assembly, which necessitate their consideration because of its importance, in particular matters which are beyond the scope of ordinary business transactions, and may have a significant impact on the company's position regarding technical, financial, or other aspects.

### 4.2 Supervisory Board

CCP.A has a Supervisory Board, consisting of six members. Art. 27 EMIR requires that at least one third and not fewer than two members of the Supervisory Board are independent, whereby independent means, that a member has no business, family or other relationship that raises a conflict of interests regarding the CCP.A concerned or its controlling shareholders, its management or its Clearing Members, and that a member has had no such relationship during the five years preceding his membership of the board (Art. 2 Z 28 EMIR). Pursuant to Art. 27 EMIR, two independent members have been elected to the Supervisory Board of CCP.A with resolution of the General Assembly. Concerning the other four members of the Supervisory Board, each of the two shareholders made use of their right, granted by the company agreement as well as in accordance with § 30c GmbHG, to nominate and send two people to the Supervisory Board.

The Management Board requires the approval of the Supervisory Board for

- investments, which are individually or in a fiscal year exceed a total amount of EUR 20,000.- as far as they are not part of the annual budget of the company;
- acquisitions and sales of shareholdings (§ 228 Austrian commercial code – UGB) as well as the acquisition, disposal or the closure of companies and businesses;
- the acquisition, disposal and encumbrance of real estates;
- the establishment or closure of branches;
- the establishment or disposal of business lines;
- the inclusion of bonds, loans and loans, which are individually or in a fiscal year exceed a total amount of EUR 20,000.-;
- the granting of loans or credits, as far it is not part of the ordinary business operations;
- the establishment of general principles of the business policy as well as essential internal organizational changes;
- the establishment of principles concerning the granting of shares in profit or revenue as well as pension commitments to Managing Directors and senior employees within the meaning of § 80 para 1 Austrian Stock Corporation Act;
- the conclusion of contracts with members of the supervisory board beside their duties (activities) in the role of a member of the supervisory board with the obligation to deliver services to the (own) company (CCP.A) or subsidiaries (§ 228 para 3 UGB) against a significant remuneration. The same requirement exists for contracts with a member of the supervisory board with companies the member has significant commercial interest in;
- taking over a senior position (§ 80 AktG) in a company within two years after the signing of the audit report by the Auditor, by the statutory auditor, by the statutory auditor of a significant associated company or auditor undersigned by the relevant auditor's report, as well as one for him who has exerted a significantly conductive function when assessing operating as far as this is not prohibited according to § 271c UGB;
- the employment of a person in a managing position of the company (§ 80 AktG) within 2 years after signing / confirming the Auditor's Report and this person has been the Auditor itself, the Group Auditor, the auditor of a significant affiliated company or the auditor of the company's advisory in legal and tax issues if the person had an important managing function during the audit; unless it is forbidden according to § 271c UGB;
- transactions, the Managing Director concludes with the company;
- the internal principles for establishing extraordinary but plausible market conditions, which CCP.A might face;
- the business continuity strategy and the disaster recovery plan.

### 4.3 Risk Committee

The Risk Committee is pursuant to Art. 28 EMIR a Risk Committee as well as according to § 30 para 4 GmbHG a Committee of the Supervisory Board, consisting of members of the Supervisory Board and representatives of Clearing Members and Clients consulted as respondents. The Risk Committee's task is to advise the Supervisory Board and the Management Board. An independent member of the Supervisory Board shall chair the Committee. The Committee is directly subordinated to the Supervisory Board of CCP.A; however, it makes its recommendations independently and without direct interference by the Management Board.

For the selection of the representatives, the Management Board compiles a risk ranking and invites the Clearing Members and Clients with the highest results to nominate a representative. The proposals are submitted to the Supervisory Board for approval. The Risk Committee meets at least twice in a calendar year.

The tasks, the mechanism for the election of Committee members, the decision-making and the functionality of the Risk Committee shall be regulated in its own Internal Business Rules, which the Supervisory Board determines. The Internal Business Rules are made publicly available and accessible on the website of the company at [www.ccpa.at](http://www.ccpa.at).

Neither the Management Board nor the Supervisory Board are obliged to accept a proposal by the Risk Committee or to take actions on the measures proposed by the Risk Committee; all considerations and decisions of the Management Board or the Supervisory Board with regard to such proposals are made at its own discretion. However, pursuant to Art. 28 para 5 EMIR, the Supervisory Board is obliged to report to the responsible authority, when Supervisory Board decisions do not follow the recommendations of the Risk Committee.

In particular, the Risk Committee deals with issues which concern significant changes in the risk model of CCP.A. These include modifications of the procedure in the event of a default of a Clearing Member, changes of the criteria for the approval of Clearing Members and Clients, the clearing of new categories of instruments, the outsourcing of functions by CCP.A, the internal principles for establishing extraordinary but plausible market conditions to which CCP.A might be exposed, the liquidity plan, and affairs beyond the normal business activities, which can affect the risk management of CCP.A.

The Risk Committee discusses issues such as significant changes and adjustments of the models used by CCP.A as well as their methodology and the principles of liquidity management for quantification, summary and handling the risks. Also, significant changes and adjustments of the principles of CCP.A examining the structure and appropriateness of its margin calculation, of the default fund and other financial resources as well of the framework for calculating its cash requirements are subject to the Risk Committee. Last but not least, the Risk Committee also discusses the systems and valuation models used for the validation of CCP.A's models, if the price information is not readily available.

## 5 Internal Control Mechanisms

The internal audit department, as part of an appropriate internal control pursuant to Art. 4 para 7 RTS, reports directly to CCP.A's Management Board in organizational and disciplinary matters. Dispositions concerning the internal audit are taken together of CCP.A's Managing Directors. The internal audit department performs the continuous and comprehensive examination of the legality, regularity and usefulness of the business and operation for the entire range of CCP.A's area of activity.

For the audit activities of the internal audit department, the legal requirements as well as the coordinated and approved test plans of the Management Board are taken as a basis. The audit plans have to be designed in such a way, that all business areas of the CCP.A are tested at least once in a period of three years. Audit actions beyond this frame (special audit) are jointly arranged by the Management Board.

However, the internal audit department is not released from its responsibility regarding a comprehensive, meaningful testing, so that the audit activity has to extended the defined frame of the annual plan on its own resolution in case of urgent reasons. Such essential audits are also subject to reporting to the Management Board.

The internal audit department is entitled to a comprehensive and unrestricted right of information, template, inspection and audit. In addition, they can contact the Management Board and employees of CCP.A for information and support at any time.

A detailed description of the internal audit reports can be found in *chapter 8.3*.

## 6 Compliance

### 6.1 Compliance within CCP.A

The term compliance means acting in accordance with legislation, internal policies, and ethical principles. In this sense, this chapter as internal regulation aims to the implementation of relevant legal provisions for CCP.A. Compliance in CCP.A is a comprehensive task within all areas and processes of the company, there are no restrictions on individual divisions or business units. All management and staff levels, as well as all legislation, that is applicable to CCP.A, are considered.

Breaches of the law have become an operational risk due to economic consequences nowadays; all the more it is important to understand compliance as a company-wide organizational request. The compliance function of CCP.A supports all efforts to achieve a legally compliant behavior by board members, executive officers as well as employees, and represents an important element of control. The compliance of CCP.A works towards that the company commits to a lawful behavior in its entirety, that it increases the transparency of risks, that it secures the trust of business partners and ensures a solid representation of the company on the capital market.

The principles and procedures of CCP.A are intended to uncover any risk of failure of obligations imposed particularly by EMIR and its RTS by CCP.A and its employees, as well to uncover the associated risks. Such risks shall be limited to a minimum and the competent authorities shall be enabled to exercise their authority under these regulations effectively.

CCP.A determines and analyses at least once a year, how solid its rules, procedures, and contractual agreements are. If necessary for the purpose of this analysis, an independent legal opinion may be obtained. In establishing its rules, procedures, and contractual agreements, CCP.A takes the relevant regulatory principles, industry standards (Best Practices) and market practices into account. CCP.A determines and analyses potential conflicts of laws and develops rules and procedures to reduce the legal risks, which may arise in such cases; here again independent legal opinion may be obtained, if necessary. In its annual analysis CCP.A determines, if changes of its rules and procedures are necessary.

Well-functioning and stable financial markets are particularly based on the trust of the market participants. For CCP.A, an honest relationship marked by confidence to its Clearing Members and their Clients is inevitable. CCP.A is committed to the aim to prevent an illegal handling of not publicly available information, which is relevant for an investment or the price, as well as to prevent market abuse in general and conflicts of interests, to detect violations and to impose sanctions, where appropriate, ranging up to consequences under labor law.

Effective compliance management protects Clearing Members and their Clients, CCP.A itself and its employees from unconscious violations of applicable laws, regulatory requirements and internal regulations. Therefore, also the reputational risk is minimized and the functioning of the capital market is supported.

The core of an effective compliance organization is the optimization of the compliance activities, the regular monitoring, and measurement of the achieved quality, so that a continuous improvement can be created. Subjects of monitoring are particularly the fulfilment of the compliance requirements, the timeliness of the internal regulations, the progress in obtaining the objectives of compliance as well as the consent of the provided services and the accompanying processes of CCP.A under mandatory law.

As part of the monitoring process it has to be ensured that the information booth for the assessment of the activities is complete and all available sources of information are used. These include employees, Clearing Members and Clients as well as all internal data stocks of CCP.A. To achieve this, the

contents of the compliance reports and compliance trainings shall also be incorporated. A structured storage is utilized for a sensible use of the collected information.

To ensure the permanent effectiveness of compliance, there is a clear commitment to compliance inwards and outwards, adequate resources are provided for the implementation of compliance management systems and necessary funds are invested for efficient training.

For CCP.A, compliance is an overall concept of the organization, which aims to reach a relationship of information asymmetry between the Clearing Members and Clients, CCPA and its employees carried by fairness, solidarity and trust, to deal with conflicts of interests and to ensure the compliance of applicable laws and relevant regulations. The compliance function of CCP.A monitors the proper behavior of employees and the Management, finds any violation of rules as well as remedy. It shall ensure that internal policies, procedures and rules of the Organization are developed, and shall be available for the training of employees as well as for information in cases of doubt.

## **6.2 Chief Compliance Officer (CCO)**

CCP.A has a permanent, effective and from other features of CCP.A independent compliance function and maintains the latter. It is guaranteed that the compliance function has the necessary authority, resources and expertise as well as access to all relevant data and information. In establishing its compliance function, CCP.A takes the nature, the scope and the complexity of its operations, as well as the nature and the spectrum of services provided in the course of these operations and activities into account.

According to Art. 6 para 2 RTS, the CCO regularly monitors and assesses the adequacy and effectiveness of the established arrangements as well as the measures which were taken to remedy any compliance defects on the part of CCP.A, as well as manages and advises regarding the principles and procedures for compliance as specified by the Management Board and the Supervisory Board.

Moreover, the CCO is available to support and advice the persons, who are responsible for services and activities of the CCP.A to comply with the legislation which is relevant to CCP.A, in particular the provisions of EMIR and its RTS.

The CCO reports back regularly, at least annually, to the Supervisory Board on the compliance of the relevant regulations by CCP.A and its employees and sets an effective procedure for an approach in case of compliance defects. He/she ensures that persons, who are involved in the compliance function, are not included in services or activities that they are monitoring, and that any conflicts of interests of these persons are properly determined and eliminated.

The CCO acts not only enlightening and instructing, but is also the contact point for the operational departments in the clarification of questions.

In addition to the Supervisory Board, the CCO notifies the Management Board within the framework of a regular reporting about the compliance activities within the company and about compliance relevant topics from the business environment as well. The CCO is the central adviser of the Management Board in all matters concerning compliance.

In coordination with the Management Board, the CCO takes over the methodological conception of the compliance management system, whereby the main task is to ensure the adequate information within the entire company. All employees have a confidential information channel to the CCO. The monitoring of compliance with the statutory requirements and corporate guidelines is not the sole task of the CCO, but is incumbent upon all persons responsible in the company. The CCO has the task to

improve the effectiveness of the monitoring as well as the reliability of compliance of the requirements, through targeted measures.

### **6.3 Compliance Model**

1. Column "Identification": The company identifies those legal standards that are relevant on the basis of a risk analysis with regard to its importance for the company. In particular, these are the provisions of the GmbHG, the BörseG 2018, the ZGVG as well as EMIR and the delegated RTS. The level of detail of the compliance management stems from the results of the risk analysis.
2. Column "Communication": The Management Board is committed to an effective compliance and value orientation. The business objectives and compliance rules are known to all employees. For this purpose, there are periodical (at least annual) compliance trainings executed by the CCO.
3. Column "Control": The controls are integrated into the existing processes, systems, and daily routines. An evaluation of the structure and of the effectiveness of the controls is carried out at regular intervals. The intensity of the control is based on the identified risks. The responsibility and jurisdiction of the controls are clearly defined and communicated to all employees.
4. Column "Reporting": The employees of the company shall be informed about all relevant compliance violations. All compliance information is centrally available in one place. It is set, how and to whom compliance violations will be reported.
5. Column 'Improving': The evaluation of the compliance model is performed by competent and independent persons. The CCO coordinates the suggestions for improvement. The responsibility for the implementation of the improvement measures is clearly defined and tracked.

## 7 Confidentiality

The entire CCP.A is divided into three confidentiality areas in terms of access permissions to data: the business management documents, confidential compliance documents, and a general access area.

### ▪ **Managing Directors**

The Managing Directors and Authorized Signatories are obliged to confidentiality regarding to all business affairs and operations, in particular all operation and business secrets, they become aware of in the scope of all their activities. This obligation applies to everyone and persists indefinitely even after the termination of the employment relationship. The Managing Directors and Authorized Signatories were taught about and commit themselves to the provisions of § 38 Austrian Banking Act (BGW) (banking secrecy) and to the prohibition of misuse of inside information pursuant to Articles 7, 8, 9, 10 und 14 Market Abuse Regulation and §§ 154 und 163 Austrian Stock Exchange Act (BörseG 2018), which they have to observe in the course of their activities.

### ▪ **Employees**

All employees of CCP.A are obliged to carry out the work assigned to them conscientiously and to strictly follow the relevant arrangements granted to them. All employees are obliged to keep all data and information, they become aware of in the scope of their activities, confidential. They are obliged to maintain absolute silence on all business and operating secrets during the duration of the employment contract and after its termination.

The detailed requirements and practices for employees of CCP.A can be found in the *Compliance Policy* as well as in the *Code of Conduct* of CCP.A.

### ▪ **Supervisory Board**

The Supervisory Board members shall maintain strict secrecy on the deliberations of the Supervisory Board and on any matters relating to the Company or its group members they gain knowledge of in their function as members of the Supervisory Board. This obligation shall continue to apply also after their period of office ends.

### ▪ **Risk Committee**

If not expressly provided by the Internal Business Rules of the Risk Committee or required by applicable law, according to Art. 28 para 4 EMIR each member of the Risk Committee is obliged to maintain absolutely silent on all business and operating secrets and all other data they become aware of in the scope of all their activities. This obligation shall be applied even after the termination of the membership of the Risk Committee. This obligation is particularly imposed with regard to § 15 DSG as well as §§ 154 BörseG 2018 and is also secured in the form of a confidentiality agreement for the Risk Committee members.

Each member of the Risk Committee is obliged to maintain confidentiality with regard to all aspects of the Risk Committee, in particular of all discussions, consultations, procedures, or voting results, and not to use any information obtained for their own benefit, the benefit of its associated companies or any other third party. Each Committee member is obliged to keep all information strictly confidential and accordingly grant third parties no access to the information. The term "Information" is basically broadened and includes any information in written form, oral form and/or information made available on data carriers as well as information or data about partners, products, projects, strategies, prices and services.

The members of the Risk Committee are committed to handle information each received with that kind of care, they apply in their own affairs and to use it exclusively for activities in the scope of the Risk Committee.

## 8 Reporting Lines

This chapter describes the reporting lines within CCP.A. It defines the reporting duties of the Management Board to the Supervisory Board and the General Assembly, the reports of the Chief (Risk, Compliance, Technology) Officer and the internal audit department, the interaction of the reports relating to the Risk Committee as well as the dealing with conflicts of interests. The reporting lines for the risk management, compliance and internal audit are clearly defined and are separated from the reporting lines of other areas of activity of CCP.A.

### 8.1 Reports of the Management Board

CCP.A has clear and direct reporting lines between the Supervisory Board, the General Assembly and the Management Board, to ensure that the Management Board is obliged to report its activities. These reporting obligations are stated in the Internal Business Rules for the Management Board, whereby the Management Board is obliged to report periodically to the General Assembly and the Supervisory Board. In urgent matters and when required for the company's benefit, these reports shall be made without delay upon request of the Supervisory Board or the General Assembly.

#### 8.1.1 Reports of the Management Board to the General Assembly

According to § 8 of the company agreement and point IV of the Internal Business Rules for the Management Board, the Managing Directors must present within the first five months of a calendar year, the financial statements for the preceding financial year and a proposal for the distribution of the profit to the general shareholders' meeting.

Furthermore, the Managing Directors shall be under the obligation – for material reasons, in particular, if the Company is at risk of incurring financial damage – to immediately inform the shareholders (special report) and convene a general shareholders' meeting. The special report may be given in writing or orally.

Upon request of an individual shareholder, the Managing Directors must immediately prepare a report on the business of the Company.

When reporting, the Managing Directors shall inform the general shareholders' meeting of all developments and incidents that may be of special relevance for the Company.

#### 8.1.2 Reports of the Management Board to the Supervisory Board

According to point VI of the Internal Business Rules for the Management Board, the Managing Directors shall report to the Supervisory Board at least once a year on fundamental issues of the Company's future business policy and on the future development of the assets, earnings and financial position based on financial projections (report on financial projections). The Managing Directors shall furthermore send a written report to the Supervisory Board four times a year on the development of business and the situation of the Company as compared to financial projections and taking future developments into account (quarterly reports)

The Managing Directors shall furthermore be under the obligation to report to the Supervisory Board (special report), in particular, if the Company is at risk of incurring damage. The special report may be given in writing or orally. Upon request of the Supervisory Board, the Managing Directors must immediately report on the business of the Company to the Supervisory Board.

When reporting, the Managing Directors shall inform the Supervisory Board of all developments and incidents that may be of special relevance for the Company.

## **8.2 Reports of the Chief (Risk, Technology, Compliance) Officers**

To ensure that the staffing of CCP.A is sufficient to fulfil all of its obligations, that CCP.A is obliged to report the exercise of its activities and that a competent contact person is available for the competent authorities, the company has a CRO, a CCO and a CTO. In Accordance with Art. 3 para 3 RTS these functions are carried out by different individuals, who are entrusted with the exclusive responsibility of performing these functions.

### **8.2.1 Chief Technology Officer (CTO)**

The CTO is administrated as staff position and reports directly to the Management Board of CCP.A. Due to the fact that the operation of CCP.A's clearing systems and the IT services were outsourced to the service providers CC&G, OeKB AG and WBAG, the CTO is responsible for the definitions of the requirements for the service providers as well as to monitor them. The CTO shall regularly report to the Management Board. In particular, any changes relating to the strategy of the business continuity, release and change management processes as well as to the provided services of the service provider, shall be reported. Upon his/her own request or at the request of the Supervisory Board, the CTO directly can or has to report to the Supervisory Board.

### **8.2.2 Chief Risk Officer (CRO)**

The CRO shall regularly report to the Management Board. Furthermore, the CRO reports all risk-related issues directly to the Risk Committee and indirectly - through the independent Supervisory Board members, each exercising the functions of the Chairman or Deputy Chairman of the Risk Committee - to the Supervisory Board of the CCP.A. Upon his/her own request or at the request of the Risk Committee or the Supervisory Board, the CRO can or has to report directly to the Supervisory Board.

### **8.2.3 Chief Compliance Officer (CCO)**

The CCO is subordinate in its function to the Supervisory Board. He advises and supports the Management Board as well as the officers or other employees regarding compliance relevant issues within the CCP.A. Furthermore, the CCO has to create a written compliance report regularly, at least annually and present it verbally to the Supervisory Board. Therein the CCO particularly shall report about the compliance of CCP.A and its employees regarding EMIR and RTS. At his/her own request or at the request of the Supervisory Board, the CCO directly can or has to report to the Supervisory Board.

## **8.3 Reports of the Internal Audit Department**

The internal audit department is independent and separated from other functions and activities of CCP.A and reports directly to CCP.A's Management Board in organizational and disciplinary matters. The Management Board of CCP.A has to take dispositions concerning the internal audit department together.

The internal audit department reports directly to the Management Board of the CCP.A, usually in written form, but in special cases, the report may be given orally as well. The internal audit department is sufficiently independent from the Management Board and is reporting to the Management Board and the Supervisory Board of CCP.A.

On (at least) an annual basis, there is an obligation to report to the Management Board in a written form about the performed tests as well as about the resulting findings and recommendations in compressed form.

Audit findings, especially those of critical nature, shall be basically discussed with the responsible employees to allow them to give a statement on this matter. Such statements shall be recorded and highlighted in the audit report.

The Management Board shall decide measures, which possibly have to be taken on the basis of established complaints. The competent employee has to inform the internal audit department about the taken measures with regard to such complaints. Therefore, a recommendation database was created in order to provide a transparent overview. The internal audit department has to observe the handling of complaints and to report about.

The head of the internal audit department is responsible for the fulfilment of the tasks. In all audit matters, he/she is bound to the instructions of the Management Board beyond the legal requirements.

The head of the internal audit department has to be informed about organizational changes, new introduction or changes of service and work instructions.

## **8.4 Reports regarding the Activity of the Risk Committee**

The Supervisory Board has to be informed any time about the activities of the Risk Committee, including the activities the Risk Committee performs for the Management Board. The competent authorities are entitled to participate in meetings of the Risk Committee without the right to vote and to be informed about the activities and decisions of the Risk Committee.

The Management Board informs the competent authorities on decisions, where the Supervisory Board did not follow the advice of the Risk Committee concerning matters of EMIR.

## 9 Execution of Independent Assessments

As CCP.A is a small corporation within the meaning of § 221 UGB, it is usually not subject to an obligated audit pursuant to § 268 para 1 UGB. Due to the company's turnover, its position as essential infrastructure of the Austrian capital market and the structure of its shareholders, however a voluntary audit is performed.

Where provisions of EMIR request independent audits, they are carried out.

CCP.A determines and analyses how solid its rules, procedures, and contractual agreements are. CCP.A identifies and analyses potential conflicts and elaborates rules and procedures to reduce the legal risks in such cases. If necessary, CCP.A shall obtain an independent legal opinion for the purpose of this analysis.

The remuneration policy is subject to an annual independent audit. The results of this audit are provided the competent authority.

The information technology systems and the framework for information security are reviewed at least annually. In this connection, an independent evaluation shall be made. The results of these reviews are communicated to the Supervisory Board and made available to the competent authority.

The clearing activities, risk management processes, mechanisms of internal control and the accounting of CCP.A undergo an independent audit. The independent audits are carried out at least once per year.

The strategy for the business continuity and the disaster recovery plan are subject to independent audits, which are presented to the Supervisory Board.

The updates of the strategy for the business continuity and the disaster recovery plan take into account the audit results as well as recommendations made in the course of an independent audit, other examinations or audits of the competent authorities.

CCP.A conducts a comprehensive validation of models, methods, and the framework for the management of the liquidity risk, to quantify, to aggregate and manage its risks. All major changes or adjustments of its models, methods, and the framework for the management of the liquidity risk are subject to adequate control mechanisms, which provide the consultation of the Risk Committee, and shall be validated by a qualified and independent authority prior to application.

The validation process is documented and specifies at least the principles to audit the methods of CCP.A in connection with margins, the default fund and other financial resources as well as the framework for the calculation of liquid financial assets. Any significant changes or adaptations of such principles are subject to adequate control mechanisms, which provide the consultation of the Risk Committee, and shall be validated by a qualified and independent authority prior to application.

## 10 Disclosure Requirements

CCP.A promulgates offences against the criteria referred to in Art. 37 para 1 EMIR, unless the competent authority comes to the conclusion after consulting with ESMA, that such a publication would be a threat for the financial markets' stability, significantly reduce the confidence in the markets, endanger the financial markets or cause a disproportional damage to the parties involved.

CCP.A publishes the levels of protection as well as the costs associated with each degree of account segregation and offers these services to standard business conditions.

CCP.A publishes the key aspects of its risk management model and the assumptions adopted when conducting the stress tests.

Furthermore, CCP.A makes the general principles on which its models and methods are based on and the information about the nature of the performed tests together with a general summary of the test results and any corrective measures taken publicly available.

CCP.A publishes the key aspects of its default procedures in case of a Clearing Member's default, including the circumstances under which measures must be taken, including the information who may take such measures, as well as the scope of the measures which have to be taken, also with regards to proprietary positions, resources and assets as well as those held on behalf of Clients. CCP.A also publishes the proceedings regarding its obligations towards the non-defaulting Clearing Members and their Clients.

CCP.A makes the following information publicly available free of charge:

1. Information about its corporate governance rules, also in relation to its organizational structure and the main objectives and strategies; the main elements of the remuneration policy as well as key financial information, including the current audited financial statements;
2. Information on default management procedures; relevant information on business continuity; information about the systems, techniques and performance of CCP.A's risk management; all relevant information about the company's structure and activities as well as the rights and obligations of the Clearing Members and their Clients, which must put them in position to evaluate the risks and the costs connected with the use of the services provided by CCP.A; the current clearing services provided by CCP.A, including details on the each included service; the systems, techniques and performance of risk management, including information on financial resources, investment policy, sources of price data and the models for the calculation of margin payments; as well as the applicable law and the provisions relating to access to CCP.A; the instruments cleared by CCP.A; the use of collateral and default fund contributions, including the liquidation of positions and collateral, and the degree to which collateral are protected against claims by third parties;
3. Information on eligible collateral and applied haircuts;
4. An up-to-date list of all Clearing Members and Clients, as well as the criteria for the admission, suspension and termination of membership.

If the competent authority and CCP.A agree that specific information may compromise confidential data or the security and stability of the company, then CCP.A may decide to disclose the information in a manner that prevents or reduces these risks or not to disclose such information at all.

CCP.A discloses details on important changes to its corporate governance rules, its goals, strategies, fundamental principles, and changes to its applicable rules and procedures free of charge.

The disclosed information is available on the website [www.ccpa.at](http://www.ccpa.at).

CCP.A publishes the prices and fees to be paid in connection with the services provided (see *Schedule of Fees*). It discloses the prices and fees for each separately provided service and task, including discounts as well as the conditions for granting corresponding discounts. It enables its Clearing Members and, if applicable, their customers, separate access to the specific services provided.

CCP.A is subject to comprehensive reporting obligations to both, national authorities and the European Securities Markets Authority (ESMA). In addition, numerous disclosure obligations must be met by CCP.A.