

# **Rules of Procedure for the Supervisory Board**

## Clearstream Banking AG (CBF)

March 2020

The Supervisory Board adopts its Rules of Procedure as follows:<sup>1</sup>

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<sup>1</sup> In accordance with existing prescribed terminology, employment titles shall apply both to male and female persons alike.

## **§ 1 General, Meeting Language**

- (1) The Supervisory Board shall exercise its activities in accordance with the statutory provisions, in particular the German Stock Corporation Act as amended, the German Banking Act as amended, relevant EU Regulations and EU-Directives - notably the European Central Securities Depositories Regulation (CSDR)<sup>2</sup> -, the Articles of Incorporation of the Company and these Rules of Procedure as well as applicable policies, in particular the Conflicts of Interest Policy.
- (2) Due to the international composition of the Supervisory Board, the meeting language is English. Meeting documents, resolution proposals and minutes of the Supervisory Board meetings shall be prepared in English.
- (3) Upon request by a member of the Supervisory Board, German shall apply as additional language. In this case, simultaneous interpreting services shall be rendered by sworn interpreters for the meetings with regard to German and English. The meeting documents, resolution proposals and minutes of the Supervisory Board meetings shall in this case be presented in German and English. Translations of the meeting documents, resolution proposals and – upon request by a member of the Supervisory Board – the correspondence between individual members of the Supervisory Board shall insofar be made by the company. In the case described in this paragraph, the German version of the meeting documents, resolution proposals and minutes of the Supervisory Board meetings shall be legally binding.

## **§ 2 Tasks and Responsibilities**

The Supervisory Board has in particular the following tasks and responsibilities:

- (1) The Supervisory Board appoints the members of the Executive Board.
- (2) The Supervisory Board advises and supervises the Executive Board in the management of the Company.
- (3) It must be involved in decisions of fundamental importance for the Company. The Supervisory Board specifies approval requirements for matters of fundamental importance for the benefit of the Supervisory Board.
- (4) The Chairman of the Supervisory Board shall maintain regular contact with the Executive Board, particularly with the Chairman of the Executive Board, and consult with him with respect to the Company's strategy, business development and risk management. The Chairman of the Executive Board must promptly inform the Chairman of the Supervisory Board of any important events. The Chairman of the Supervisory Board must then notify the Supervisory Board without delay, and if necessary call an extraordinary Supervisory Board meeting.
- (5) The Supervisory Board examines the annual financial statements and the management report provided by the Executive Board. The Supervisory Board approves the annual financial statements. It shall report its observations on the results of its examination to the annual General Meeting of Shareholders.

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<sup>2</sup> Please consider the Guidance Note in relation to the allocation of the tasks of Art. 49 para 2 and 3 of the COMMISSION DELEGATED REGULATION (EU) 2017/392 of 11 November 2016 to either the Executive Board and/or the Supervisory Board of the Company.

### **§ 3 Constituent Meeting**

The Supervisory Board is constituted pursuant to § 7 para. (4) of the Company's Articles of Incorporation.

### **§ 4 Membership, Term of Office**

- (1) The Supervisory Board consists of six members. One third of its members, but at least two members, shall be independent.<sup>3</sup> A member of the Supervisory Board may not at the same time be a member of the Executive Board or an authorised representative of the Company.
- (2) At least one member of the Supervisory Board has knowledge in the fields of accounting and auditing as defined in Section 100 (5) Stock Corporation Act. All members should be familiar with the sector of operations of the Company.
- (3) Such members shall be elected for a term of office ending at the closing of the General Shareholders' Meeting, which votes on the approval for the fourth fiscal year after the commencement of the term of office, not including such fiscal year in which the term of office has commenced.
- (4) Members of the Supervisory Board may be removed from office by the Shareholders' Meeting prior to the expiration of their term of office. Such resolution shall be taken by the simple majority of the votes cast.
- (5) Upon petition by the Supervisory Board, the court shall remove a member of the Supervisory Board for material cause. The Supervisory Board shall decide to file such petition by a simple majority. The term of office also ends with the expiration of the term or by resignation of the member of the Supervisory Board.
- (5) A successor for a member resigning before his/her term of office shall be elected for the remaining term of office of the resigning member.

### **§ 5 Suitability Assessment**

A member of the Supervisory Board has to fulfil certain criteria. Inter alia, he/she shall be of sufficiently good repute and shall have appropriate skills, knowledge and experience. In order to be compliant with regulatory requirements, candidates and members of the Supervisory Board individually and collectively, have to run through a suitability assessment, which is initiated by the Chairman according to the provisions of the German Banking Act and the respective Suitability Assessment Policy of the Company.

### **§ 6 Meetings, Resolutions**

- (1) The Chairman of the Supervisory Board convenes the meetings of the Supervisory Board – which take place at least twice per calendar half-year – with a notice period of at least ten (10) working days between the notice of meeting, under indication of the topics of the agenda, and the day of the meeting. The invitation is sent in electronic form but may also be distributed in writing, by telephone, by facsimile or by using another common form of communication. When calculating the term, the day of the submission and the day of the meeting shall not count. In urgent cases, the invitation term may be shortened and the invitation may be submitted orally or by telephone if no member of the Supervisory Board objects thereto. Preparatory

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<sup>3</sup> ESMA considers the same requirements as laid down in Article 2 (28) of Regulation (EU) No 648/2012 of 4 July 2012 (EMIR) shall apply to independent members of the management body (here: Supervisory Board)

documents for meetings of the Supervisory Board shall be provided to the members of the Supervisory Board in a timely manner ahead of the meetings.

- (2) Resolutions shall be passed in meetings of the Supervisory Board, unless, upon invitation by the Chairman, they are passed by votes cast in writing, via telephone, facsimile, e-mail or in any other electronic form pursuant to Paragraph (3).
- (3) Resolutions of the Supervisory Board may be passed other than at meetings by votes cast in writing, by telephone, by video conference, by facsimile, by e-mail or by a combination of these communication forms only if the Chairman of the Supervisory Board so determines in case of urgency in a specific case. Resolutions passed by means of the aforementioned ways shall be recorded in writing by the Chairman of the Supervisory Board and shall be announced to the other members of the Supervisory Board without delay. Resolutions may also be passed where some votes are cast during a meeting and some votes are cast pursuant to sentence 1 of this paragraph. Sentence 2 shall apply accordingly.
- (4) Members of the Supervisory Board who do not attend a meeting may participate in the passing of resolutions of the Supervisory Board and its committees by authorising other members of the Supervisory Board to present their written votes at the meeting.
- (5) The meetings of the Supervisory Board shall be chaired by the Chairman of the Supervisory Board or, in the event, he/she is unable to attend, by his/her deputy. In case there are several deputies, the oldest deputy shall chair the meetings.
- (6) A quorum shall exist at Supervisory Board meetings if at least half of its members of which, according to law or the Articles of Incorporation, it has to consist (at least however, three members) take part in the resolution. Unless otherwise provided by law or the Articles of Incorporation, resolutions will be adopted by simple majority of the votes cast. The foregoing shall also apply to elections. The method of voting shall be determined by the Chairman. In the event of a tie, the Chairman's vote shall be decisive. A member also takes part in the resolution if he/she abstains from voting.
- (7) Any proceedings and resolutions of the Supervisory Board shall be recorded in minutes, which shall be signed by the Chairman, or, in the event, the Chairman is unable to attend, by his deputy, and which must be available no later than fifteen (15) working days after the meeting. The minutes shall state the venue and date of the meeting, the participants, the items on the agenda, the main contents of the discussions and the resolutions of the Supervisory Board. The Company shall make the minutes of the meetings of the Supervisory Board available to the competent authority and the auditor upon request.
- (8) The Chairman of the Supervisory Board or – in case he/she is unable to attend – his/her deputy (the oldest in case of several deputies) is authorised to issue the declarations of intent necessary for the implementation of the resolutions of the Supervisory Board and its committees in the name of the Supervisory Board, and to accept declarations on behalf of the Supervisory Board. To the extent the Company is represented by the Supervisory Board, the Supervisory Board shall be represented by its Chairman and – in case he/she is unable to attend – his/her deputy (the oldest in case of several deputies).
- (9) The members of the Executive Board shall attend the meetings of the Supervisory Board, unless provided otherwise by the Supervisory Board in individual cases.

## **§ 7 Supervisory Board Committees**

- (1) The Supervisory Board may decide to create committees. The Supervisory Board shall at least constitute three separate committees from among its members: a risk committee (§ 10), an audit committee (§ 11) and a remuneration committee (§ 12). Such committees have to consist of a minimum of three members each. The Supervisory Board shall ensure an appropriate reporting by the committees to the Supervisory Board members.
- (2) On behalf and by proxy of the Supervisory Board, the committees, to the extent legally permitted, shall perform the functions assigned to them in these Rules of Procedure and in specific Supervisory Board resolutions.
- (3) The Supervisory Board shall assign a member of the respective committee to act as the committee's Chairman. To ensure a separation between the committees, the chairmen of the committees shall be different. The chairmen shall have appropriate experience in the field of competence of the respective committee and shall be independent from the Company's Executive Board members.
- (4) The majority of the members of the committees shall be different. Conflicts of interest should be managed in respect of persons participating in more than one committee. Each committee member shall have the necessary knowledge, skills and experiences to comply with the tasks of the respective committee.
- (5) The committee's Chairman, in his sole discretion, may consult with Supervisory Board members who do not belong to the committee in question.
- (6) Upon the committee's request, members of the Executive Board may be called in to the committee meetings.

## **§ 8 Convention of Committees, Attendance at Meetings**

The committees are convened by their chairmen. Stating the reason for such request, each committee member may request the Chairman to convene the committee. The committee has to be convened as often as appears necessary for the orderly performance of the committee's tasks. If and insofar as resolutions are to be adopted in a specific committee meeting, the notice period between sending the convening notice, which communicates the matters at issue for resolution, and the date of the actual meeting has to be ten (10) working days at minimum; however, the convention may also be at short notice, if necessary.

## **§ 9 Adoption of Resolutions in the Committees**

- (1) A quorum shall be deemed present at a committee meeting if more than half of its members, but in any case no less than three members, participate in a resolution to be voted upon. Unless mandatory law or the Articles of Incorporation provide to the contrary, resolutions will be adopted by a simple majority of the votes cast. Regarding the adoption of resolutions, the provisions governing the Full Supervisory Board shall apply *mutatis mutandis*.
- (2) Minutes of the committee's meetings have to be prepared which have to be signed by the Chairman. § 6 Paragraph 7 shall apply accordingly. Afterwards, the minutes have to be transmitted to all Supervisory Board members immediately.

## **§ 10 Risk Committee**

- (1) The risk committee shall be composed of at least three Supervisory Board members, one of which must be an employee representative on the Supervisory Board. The Chairman of the risk committee shall have appropriate experience in the fields of risk management.
- (2) The risk committee shall in particular address the following issues:
  - (a) advise the Supervisory Board on the institution's overall current and future risk appetite, risk tolerance and risk strategy and assist the Supervisory Board in overseeing the implementation of that strategy,
  - (b) review whether the conditions offered to clients take into account the institution's business model and risk structure. If this is not the case, the risk committee submits proposals to the Executive Board, how the conditions to clients in accordance with the business model and the risk structure could be created, and
  - (c) examine whether incentives provided by the remuneration system take into consideration the risk, capital and liquidity structure of the institution and the likelihood and timing of earnings. The tasks of the remuneration committee according to § 12 remain unaffected.
- (3) The risk committee may take the advice of external experts, if necessary. The risk committee determines the type, comprehensiveness, format and frequency of information to be provided by the Executive Board with regard to strategy and risk.

## **§ 11 Audit Committee**

- (1) The audit committee shall be composed of at least three Supervisory Board members, one of which must be an employee representative on the Supervisory Board. The Chairman of the audit committee shall have appropriate experience in the fields of financial accounting and (internal) auditing. All members of the audit committee should be familiar with the sector of operations of the Company.
- (2) The audit committee shall in particular address the following issues:
  - (a) monitoring of the accounting and financial reporting processes,
  - (b) monitoring of the effectiveness of the risk management process, in particular the internal control system (IKS), the risk management system and internal audit,
  - (c) monitoring of the execution of audits, in particular in relation to the selection and independence of the auditor and the (additional) services provided by the auditor (scope, frequency, reports). The audit committee shall provide the Supervisory Board with proposals for the election of auditor as well as the auditor's compensation and shall advise the Supervisory Board with regard to the termination or continuation of the audit engagement,
  - (d) submission of recommendations to the Supervisory Board to ensure the integrity of the reporting and accounting process; and
  - (e) monitoring of the speedy remedy of deficiencies by the Executive Board by means of appropriate measures.

- (3) The audit committee may take the advice of external experts. The Chairman of the audit committee may request information by the head of internal audit and the head of risk controlling. The Executive Board has to be informed accordingly.

## **§ 12 Remuneration (Compensation Review) Committee**

- (1) The remuneration (compensation review) committee (“remuneration committee”) shall be composed of at least three Supervisory Board members, one of which must be an employee representative on the Supervisory Board. The Chairman of the remuneration committee shall have sufficient knowledge and professional experience in the area of risk management and risk controlling, in particular regarding the mechanism of the orientation of the remuneration system towards the overall readiness to assume risk and risk strategy (Gesamtrisikobereitschaft und -strategie) as well as towards the own funds (Eigenmittelausstattung) of the Company.
- (2) The tasks of the remuneration committee shall particularly be:
- (a) to supervise the reasonableness of the remuneration system of the members of the Executive Board and of the employees, and in particular the appropriateness of the compensation of the head of the risk control function and of the compliance function as well as of such employees having a substantial influence on the overall risk profile of the enterprise and to support the Supervisory Board in the monitoring of the reasonableness of the remuneration system regarding of the employees of the enterprise and at the same time to assess the effects of the remuneration system to the risk-, capital- and liquidity management;
  - (b) to prepare the resolutions of the Supervisory Board regarding the determination of the aggregate remuneration of any member of the Executive Board in doing so taking into account the effects of the resolutions to the risk and the risk management of the enterprise and the long-term interests of the shareholders, investors and other stakeholders;
  - (c) to design and further develop the Remuneration Policy covering the remuneration of the Executive Board and
  - (d) to support the Supervisory Board in supervising the internal control- and all other relevant areas in the structuring of the remuneration system.
- (3) The remuneration committee shall cooperate with the risk committee. The remuneration committee shall use internal advice, for example from risk controlling, and external advice from individuals independent from the Executive Board. The Chairman of the remuneration committee may obtain information from the head of internal audit and the head of the organisational units responsible for the development of the remuneration systems. The Executive Board must be informed thereof.
- (4) Members of the Executive Board are not allowed to participate in meetings of the remuneration committee, the subject of which is their remuneration.

## **§ 13 Direct access to the Supervisory Board**

The chief risk officer, the chief compliance officer, the chief technology officer and the chief internal auditor of the Company have direct access to the Supervisory Board. For this purpose, the respective officer shall usually contact the Chairman of the Supervisory Board and/or the Chairmen of the risk, audit or remuneration committee as far as appropriate.



§ 14 Confidentiality

- (1) The members of the Supervisory Board shall be bound to secrecy in respect of any confidential information within the statutory framework.
- (2) If a Supervisory Board member intends to pass on information, which has become known to him/her in his/her capacity as member of the Supervisory Board, he/she shall give prior notice to the Chairman of the Supervisory Board.

**§ 15 Conflicts of Interest**

The members of the Supervisory Board must disclose conflicts of interest to the Supervisory Board without delay. Adequate measures to prevent, limit or resolve conflicts of interest shall be taken in accordance with legal requirements and the applicable Conflicts of Interest Policy.

**§ 16 Modifications of these Rules of Procedure**

These Rules of Procedure shall be reassessed and, if necessary, adapted regularly, at least every two years.

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