NBB-SSS RISK COMMITTEE
MANDATE (02.2019)

1 ESTABLISHMENT

The NBB-SSS Risk Committee (RC) and its mandate were established pursuant to Article 48 of the Commission Delegated Regulation (EU) No 2017/392\(^1\) and approved by the NBB Board of Directors on the 19-02-2019.

The RC shall evaluate its mandate once a year and may submit amendments to the NBB Board of Directors.

2 ROLE AND COMPETENCES

The RC shall advise the NBB Board of Directors on the NBB-SSS overall current and future risk tolerance and strategy and assess the risk management of the NBB-SSS.

2.1 RISK MANAGEMENT STRATEGY

The RC shall advise the Management Committee of the NBB-SSS (MC) and the NBB Board of Directors about the current and future risk tolerance and strategy of the NBB-SSS.

The RC shall also oversee the implementation by the Chief Risk Officer (CRO) and the NBB-SSS of the risk strategy approved by the NBB Board of Directors and of the defined risk-related measures.

2.2 ASSESSMENT OF THE RISK MANAGEMENT

The RC shall assess the management by the NBB-SSS of the risks (strategic, financial, operational, compliance, reputational) related to its activities and services. For this purpose, the RC shall verify that the NBB-SSS has put structures and procedures in place to identify, assess, manage, monitor and report every aspect of risks according to the NBB risk management framework, including guidelines and measures approved by the NBB Board of Directors.

The RC shall also ensure that the day-to-day management of the NBB-SSS conforms to the risk tolerance defined by the NBB Board of Directors.

The RC shall monitor the implementation of all the risk recommendations addressed to the NBB-SSS (from the NBB-SSS Oversight, the Internal Audit, the second line department, etc).

Based on its analysis, the RC shall advise the NBB Board of Directors about the effectiveness and adequacy of the NBB-SSS risk management processes and may formulate recommendations.

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2.3 EVALUATION OF THE RISK ASSESSMENTS
The NBB-SSS reports each risk assessment to the CRO, who shall transmit it to the RC. Based on this report, the RC shall evaluate the quality of the risk assessment (rating of the risks, completeness, etc) and the methodology used to perform it.

For each risk identified, the RC shall verify the effectiveness of existing risk controls and monitor the implementation of risk mitigation measures by the NBB-SSS.

The RC shall also monitor the NBB-SSS risk exposures and the measures taken to control it. The RC shall then report the results of its analysis to the NBB Board of Directors.

2.4 ASSIGNMENTS TO THE CRO
The RC may assign specific implementation tasks to the CRO.

2.5 REPORTING
The RC reports directly to the NBB Board of Directors at least on a yearly basis. These reports shall also be shared with the MC.

If appropriate, information can be shared with the User Committee of the NBB-SSS.

3 COMPOSITION
Each member of the RC shall allocate sufficient time to fulfil their role as member.

3.1 CHAIRMANSHIP
The NBB Director in charge of the Financial Markets department, of which the NBB-SSS is a division, chairs the RC. In his/her absence, he/she is replaced by the head of the Second Line of Defence department.

3.2 MEMBERS
The head of the Second Line of Defence department, the head of the IT security coordination cell and the Chief Risk Officer of the NBB-SSS are members of the RC.

The head of the Payment and Securities service is a consultative member of the RC and has no decision-making power in the RC.

In addition, the NBB Board of Directors may designate members ad personam.

The majority of members of the RC shall not be executive members of the NBB Board of Directors.

3.3 SECRETARY
The RC shall appoint a secretary. The secretary is not a member of the RC.

3.4 REMUNERATION
There is no remuneration for any of the above RC functions.
4 CONFLICT OF INTEREST

The members of the RC shall immediately notify potential or actual conflicts of interest regarding any matter under consideration by the RC to the chairman of the RC. The chairman will decide how to manage the conflict of interest. If the chairman is concerned, he shall notify the NBB Board of Directors who will decide on the way to manage the conflict.

5 WORKING RULES

5.1 MEETINGS

The RC shall have at least one meeting per year with all its members. Ad-hoc meetings can be planned at the request of the RC members if deemed appropriate by the chairman.

On a proposal of the secretary, the agenda is approved by the chairman. RC members may request to place items on the agenda.

All the permanent members must be present. Additional attendees can be invited on request as deemed necessary by the chairman.

The secretary shall make the meeting material available to the RC members in a timely manner ahead of the meetings.

The secretary shall attend the meeting and draft the minutes of the RC meetings and submit these to the RC members for approval. The minutes will be kept in accordance with applicable legal requirements and internal procedures and be available for the MC and the NBB Board of Directors.

5.2 DECISION-MAKING

The decisions are adopted by consensus. If the chairman finds that a consensus cannot be reached on a particular issue, then such issue shall be submitted with the various positions to the Board of Directors for decision.

5.3 SUPPORT

If appropriate, the members of the RC may request the NBB-SSS to provide them information and training material enabling them to contribute effectively as member of the RC.

The RC shall receive the CRO reports, the results of the audits of the NBB-SSS and the reports of the assessment of the NBB-SSS by its Overseers.

The RC may investigate any matters within its mandate and shall have unlimited access to any resource associated with an ongoing investigation.

The head of the Payments and Securities service and the staff of the Payments and Securities service in charge of the day-to-day management of the NBB-SSS may be invited to attend to the RC meetings to provide further information. The RC may also call on other NBB services.

If needed and appropriate, the RC may invite experts to advise the RC or seek external professional advice necessary for the fulfilment of its duties.