



NBB-SSS MANAGEMENT COMMITTEE **ROLE AND OPERATION** (01.2015)

1. Introduction

The Board of Directors of the National Bank of Belgium nv ('NBB') has decided to set up a Management Committee ('MC') in the form of a permanent interdepartmental working group to manage the NBB's securities settlement system ('NBB-SSS') in its capacity as a Central Securities Depository ('CSD').

The role and operation of the MC were approved by the NBB Board of Directors on 20.05.2014.

2. Objective

The purpose of setting up the NBB-SSS MC is to improve the ability of the NBB-SSS to meet the criteria of the ESCB-CESR and the CPSS-IOSCO "Principles for Financial Markets Infrastructures" concerning Governance, and to make a clearer distinction between the role and responsibilities of the NBB Board of Directors and those of the MC in implementing them. The MC has to identify and deal with any conflicts of interest and, if they are unavoidable, it must make them transparent and escalate them to the NBB Board of Directors.

3. Role

The MC has to submit proposals to the NBB Board of Directors on the general policy and strategy of the NBB-SSS. The MC exercises supervision over compliance by the NBB-SSS with the general policy and strategy laid down by the NBB Board of Directors. That role includes, but is not limited to, the following:

- ensuring that the day-to-day management of the NBB-SSS conforms to the objectives, general policy, strategy and risk tolerance laid down by the NBB Board of Directors. The supervision of the day-to-day management of the NBB-SSS is based primarily on the NBB-SSS quarterly activities report to the MC mentioned in section 5.3. In addition, the MC may ask the NBB-SSS for all relevant information in connection with the exercise of its supervisory responsibility (internal audit reports, detailed incident reports, etc);
- deciding on amendments to the NBB-SSS rulebook. For any substantial amendment to the NBB-SSS rulebook which could have a material financial impact for the NBB – in particular changes to the tariffs and fines, major IT projects and changes to the services offered – and/or implying significant reputational, operational and/or legal risks for the NBB, the MC must, after first obtaining the opinion of the NBB-SSS User Committee, submit proposals to the NBB Board of Directors, which decides on the matter;
- overseeing the financial accounts of the NBB-SSS;
- managing relations with the NBB-SSS User Committee :
 - taking note of the opinions of the NBB-SSS User Committee and notifying the decisions of the MC or, where necessary, of the NBB Board of Directors to the NBB-SSS User Committee;
 - deciding in cases where the NBB-SSS User Committee does not reach a consensus. In cases which could have a material financial impact for the NBB and/or implying significant reputational, operational and/or legal risks for the NBB, the MC must submit proposals to the NBB Board of Directors, which decides on the matter. The decision of the MC or of the NBB Board of Directors is notified to the NBB-SSS User Committee by the MC;

- ensuring that the NBB-SSS has an adequate management structure with an appropriate allocation of obligations and responsibilities;
- ensuring that an adequate system of internal control and procedures is applied to the NBB-SSS, including appropriate control functions;
- ensuring effective implementation by the NBB-SSS of the recommendations from Oversight, Business Continuity Management/Operational Risk Management and Internal Audit;
- specifying the procedures that the NBB-SSS must apply in regard to first line crisis management and for escalation to the various levels in the hierarchy according to the seriousness of the incident.

If the MC identifies serious breaches or significant shortcomings in the performance of its tasks, it must inform the NBB Board of Directors as quickly as possible.

4. Composition

4.1. Chairmanship

The director in charge of the Financial Markets department, of which the NBB-SSS is a division, chairs the MC. In his/her absence, he/she is replaced by the head of the Financial Markets department.

4.2 Members

The head of the Financial Markets department, the head of the IT department and the head of the Strategy and Organisation service are members of the MC. The head of Internal Audit may attend the MC's meetings as an observer. The head of the IT department, the head of the Strategy and Organisation service and the head of Internal Audit may arrange to be represented by other persons.

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

The head of the Payments and Securities service and the managerial staff of the Payments and Securities service in charge with the day-to-day management of the NBB-SSS may be invited to attend MC meetings in order to provide clarification. The MC may also call on other NBB services, in particular the Legal service, in order to obtain further information.

4.3. Secretary

The secretary and his/her alternate are appointed by the MC on the proposal of the NBB-SSS. The secretary and his/her alternate are not members of the MC.

4.4. Remuneration

There is no remuneration for any of the above MC functions.

5. Working rules

5.1. Frequency of meetings

The MC meets once a quarter. In specific cases an additional meeting may be held.

In urgent cases, teleconferencing or written consultation may also be arranged.

5.2. Agenda

The agenda for the MC meetings is drawn up by the secretary and approved by the chairman.

5.3. Quarterly activities report

The MC carries out its role laid down in section 3 primarily on the basis of the NBB-SSS quarterly activities report. Before the meeting the secretary forwards the activities report on the preceding quarter to the chairman and members of the MC. The quarterly report covers such subjects as:

- the evolution of the NBB-SSS' business in the preceding quarter, including an incident analysis and an account of the progress of important projects;
- the financial results of the NBB-SSS for the preceding quarter. Twice a year, the NBB-SSS' CMA data for the preceding semester are supplied;
- a brief review of the main topics discussed at the previous half-yearly meeting of the NBB-SSS User Committee;
- a brief review of the main topics discussed at the previous quarterly meeting of the NBB-SSS with Oversight.

5.4. Decision-making

The MC operates according to the consensus model.

If the chairman finds that a consensus cannot be reached on a particular issue, then the issue in question must be submitted with the various positions to the NBB Board of Directors, which will decide.

5.5. Reporting to the NBB Board of Directors

The MC chairman is responsible for reporting to the NBB Board of Directors, in accordance with the guidelines of the NBB Board of Directors.
