



Compensation policy

Version 3.0

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ICNL Compensation policy

Document history

| Version | Date | Responsible | Description |
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| 1.0 | 20140623 | HR | Set-up |
| 1.2 | 20140709 | HR | -No changes in content -Paragraphs aligned, format edit |
| 1.3 | 20140710 | HR | Definition MB to Board of Directors Paragraph 3.6: add approval SB |
| 1.4 | 20140826 | HR | Incorporate input from HR AACB and Reward |
| 1.5 | 20141009 | HR | Finalize document: add governance matrix |
| 2.0 | 20150824 | HR | -Aligned with ICEU Compensation policy -Deleted the detailed paragraph on: <ul style="list-style-type: none"> • Reward structure on fixed pay • Performance appraisal • Annual adjustment Fixed pay • Variable pay • Discretionary bonus These are covered by the HR procedures and available through ICE Space. |
| 2.1 | 20161128 | CCO | -Added references to relevant EMIR articles -Added Boards' responsibility for establishment Remun policy -Added EMIR disclosure requirement MT approval: 20161129 Remuneration Committee approval: 20161208 |
| 3.0 | 20171207 | CCO | Annual review. Changes: - Minor grammatical/spelling corrections - Add reviewing role CCO/MT |

Version control

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1 Introduction

The ICE Clear Netherlands B.V. (ICNL) Compensation Policy is compliant with the EMIR regulations (Article 26.5 of Regulation (EU) No 648/2012) and Article 8 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).

The ICNL Board is responsible for the establishment of this Compensation policy¹.

2 Principles of compensation

The Compensation Policy:

- Promotes sound and effective risk management; and
- Does not create incentives to relax risk standards².

3 Compensation Policy

ICNL's compensation aligns the level and structure of compensation with prudent risk management in that³:

- Compensation accounts for prospective risk as well as existing risk and risk outcomes. Therefore compensation should take into account equally the sustainability of performance as well as effective delivery of short term goals; and situations where short term performance negatively affects the stability or medium term performance of the company.
- Pay out schedules should be sensitive to the time horizon of risks. Therefore performance related benefits should include an appropriate level of deferred payments.

Variable compensation takes due account of possible mismatches of performance and risk periods, with payments being deferred as appropriate. This includes:

- Target Annual Bonus opportunity that is expressed as a percentage of base salary. These percentages vary based on the level of the applicable position. An individual's performance rating for that year, as determined through ICE's performance management process; and
- Long-term incentive award each year. Any such long-term incentive award is made in the form of ICE equity units and has a (deferred) three-year vesting schedule.

Fixed and variable components of total compensation are balanced and consistent with risk alignment in that:

- There are three main elements to the compensation package: Base salary, Annual bonus and Long-Term Incentive:
 - Base Salaries are established based on an evaluation of internal comparisons and external market rates for the position. An individual's base salary is set relative to this internal/ external market rate based on the individual's experience, knowledge, skills and abilities;
 - Employees also have a target Annual Bonus opportunity that is expressed as a percentage of base salary. These percentages vary, based on the level of the applicable position, and awards use an individual's performance rating for that year, as determined through the ICE's performance management process;
 - Employees are eligible to receive a long-term incentive award each year. Any such long-term incentive award is made in the form of ICE equity units and has a (deferred) three-year vesting schedule to ensure risk alignment.

Staff engaged in risk management (to include the Risk Department, and Independent Risk manager); compliance; and internal audit are compensated in a manner that is⁴:

- Independent of the business performance of the CCP; and
- Adequate in terms of responsibility as well as in comparison to the level of remuneration in the business areas.

To ensure this:

- Base salaries are established based on an evaluation of internal comparisons and external market rates for the position. An individual's base salary is set relative to this internal/ external market rate based on the individual's experience, knowledge, skills and abilities.

¹ Article 7.2 of EMIR No 153_2013

² Article 26.5 of EMIR No 648_2012

³ Article 8.2 of EMIR No 153_2013

⁴ Article 8.3 of EMIR No 153_2013

- Employees also have a target Annual Bonus opportunity that is expressed as the applicable position, and awards use an individual's performance rating for that year, as determined through the ICE's performance management process

4 Review

Compliance with the ICNL Compensation policy is monitored by the Remuneration Committee. Any amendments to this policy proposed by ICNL are discussed in this Committee. The policy itself is monitored at least annual by the Chief Compliance Officer (CCO). Any changes will be proposed to the ICNL Management Team and subsequently to the Remuneration Committee.

Also, the Compensation policy is subject to an independent audit, on an annual basis⁵.

5 Reporting

The Remuneration Committee advises the ICNL Board on compliance with the policy and proposed changes. Key elements of the ICNL Compensation policy are made available to the public free of charge⁶.

⁵ Article 8.1 and 8.4 of EMIR No 153_2013

⁶ Article 10 of EMIR No 153_2013

Appendix 1 - EMIR references

EMIR No 648_2012

Article 26 - General provisions

5. A CCP shall adopt, implement and maintain a remuneration policy which promotes sound and effective risk management and which does not create incentives to relax risk standards.

EMIR No 153_2013

Article 7 - Organisational structure and separation of the reporting lines

1. A CCP shall define the composition, role and responsibilities of the board and senior management and any board committees. These arrangements shall be clearly specified and well-documented. The board shall establish, at a minimum an audit committee and a remuneration committee. The risk committee established in accordance with Article 28 of Regulation (EU) No 648/2012 shall be an advisory committee to the board.
2. The board shall assume at least the following responsibilities:
 - (c) the establishment of appropriate remuneration policies,

Article 8 - Remuneration policy

1. The remuneration committee shall design and further develop the remuneration policy, oversee its implementation by senior management and review its practical operation on a regular basis. The policy itself shall be documented and reviewed at least on an annual basis.
2. The remuneration policy shall be designed to align the level and structure of remuneration with prudent risk management. The policy shall account for prospective risks as well as existing risks and risk outcomes. Pay out schedules shall be sensitive to the time horizon of risks. In particular in the case of variable remuneration the policy shall take due account of possible mismatches of performance and risk periods and shall ensure that payments are deferred as appropriate. The fixed and variable components of total remuneration shall be balanced and shall be consistent with risk alignment.
3. The remuneration policy shall provide that staff engaged in risk management, compliance and internal audit functions are remunerated in a manner that is independent of the business performance of the CCP. The level of remuneration shall be adequate in terms of responsibility as well as in comparison to the level of remuneration in the business areas.
4. The remuneration policy shall be subject to independent audit, on an annual basis. The results of these audits shall be made available to the competent authority.

Article 10 - Disclosure

1. A CCP shall make the following information available to the public free of charge:
 - (a) information regarding its governance arrangements, including the following:
 - (i) its organisational structure as well as key objectives and strategies;
 - (ii) key elements of the remuneration policy;