



COMPENSATION POLICY

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1 INTRODUCTION

1.1 Scope of the Policy

This Compensation Policy applies to the executives and employees of ICE Clear Europe Limited

1.2 Purpose and objectives of the Policy

Key objectives for the Compensation Policy are to:

- Set out the principles governing ICE Clear Europe compensation practices
- Ensure that compensation is in line with applicable regulatory requirements including the European Commission delegated Regulation (EU) supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 (“EMIR”) with regard to regulatory technical standards on requirements for central counterparties

1.3 Roles and responsibilities

A compensation and nominations committee was set up to assist the Board and Executive in discharging their responsibilities relating to the compensation of ICE Clear Europe’s executives and employees. The compensation and nominations committee undertakes the regular review of the Compensation Policy with the assistance and advice of other departments as appropriate.

1.4 Annual review

The Compensation Policy shall be reviewed by the compensation and nominations committee annually, including

- Design and any required development of the Compensation Policy
- Oversight of the implementation of the Compensation Policy
- Review of the operation of the Compensation Policy

To facilitate and document this review process the compensation and nominations committee will ensure the Compensation Policy is subject to independent audit, on an annual basis.

2 COMPENSATION POLICY

2.1 Principles of compensation

The Compensation Policy must:

- Promote sound and effective risk management; and
- Not create incentives to relax risk standards.

2.2 Compensation Policy

Clearing House compensation aligns the level and structure of compensation with prudent risk management in that:

- Compensation accounts for prospective risks 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;
- Pay out schedules should be sensitive to the time horizon of risks. Therefore performance related benefits should include an appropriate level of deferred payment.

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

Fixed and variable components of total compensation are balanced and consistent with risk alignment.

Staff engaged in the Risk Oversight Department; compliance; and internal audit are compensated in a manner that is:

- 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.

This shall include a restriction on performance goals of staff engaged in the Risk Oversight Department; compliance; and internal audit which shall not include goals directly relating to the delivery of business performance targets.

2.3 Audit

The Compensation Policy shall be subject to independent audit on an annual basis. The results of these audits shall be made available to the Bank of England.

2.4 Disclosure

The key elements of the Compensation Policy shall be made available to the public, free of charge.