

# THE OPTIONS CLEARING CORPORATION GOVERNANCE AND NOMINATING COMMITTEE CHARTER

## I. Purpose

The Board of Directors (the “Board”) of The Options Clearing Corporation (“OCC”) has established a Governance and Nominating Committee (the “Committee”) to assist the Board in overseeing OCC’s corporate governance processes, including assessing that OCC’s governance arrangements are clear and transparent, establishing the qualifications necessary for Board service to ensure that the Board is able to discharge its duties and responsibilities, identifying and recommending to the Board candidates eligible for service as Public Directors and Member Directors, and resolving certain conflicts of interests. The purpose of the Committee is also to advise management regarding these aspects of OCC’s operation.

In fulfilling its responsibilities, the Committee shall prioritize the safety and efficiency of OCC, generally support the stability of the broader financial system and consider legitimate interests of Clearing Members, customers of Clearing Members and other relevant stakeholders taking into account prudent risk management standards (including systemic risk mitigation) and industry best practices.

## II. Membership and Organization

- A. Composition. The Committee will be composed of at least one Public Director, one Exchange Director, and one Member Director. No Management Director will be a member of the Committee. All of the Committee members will be selected by the Board from among the Directors recommended by the Committee after consultation with the Executive Chairman, and shall serve at the pleasure of the Board. The Committee Chair will be designated by the Board from among the Public Director Committee members. In the absence of the Chair at any meeting of the Committee, those members of the Committee present will designate a Committee member to serve as the Acting Chair.

In the event of a vacancy on the Committee, the Committee will continue to undertake its responsibilities, so long as the remaining Committee members are capable of satisfying the quorum requirement.

- B. Meetings. The Committee shall meet at least four times a year. Other meetings may be called by the Chair as circumstances dictate. The Chair or its designee shall, in consultation with management, as well as the Corporate Secretary, prepare an agenda in advance of each meeting. The members of the Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. The Committee may call executive sessions from which members of management and invited guests may be excluded. Individual Committee members also may be

excluded from executive sessions or portions thereof at which the discussion involves a matter as to which that member has an actual or potential conflict of interest. The Committee will meet in executive session at each regular Committee meeting and will determine who will participate in such session. The Committee Chair or Acting Chair, as applicable, will serve as chair for an executive session. Members of the Committee may participate in meetings by means of a conference telephone call or other means of communication that allows all participants in the meeting to hear each other. However, as provided in the Code of Conduct for OCC Directors, attendance by telephone is discouraged.

- C. Quorum. A majority of the Committee members will constitute a quorum for the transaction of business.
- D. Minutes and Reports. The Committee shall maintain minutes of all Committee meetings. The Chair or Acting Chair, as applicable, shall determine whether separate minutes of executive sessions are to be recorded as well as determine the level of detail to be included in such minutes, taking into consideration the sensitivity of the matters to be discussed and the possibility that candor might be limited if detailed minutes are recorded. It is expected that meeting minutes will reflect that an executive session was convened and broadly describe the topic(s) discussed. Minutes of Committee meetings shall be circulated to the Board.

The Committee shall make such reports to the Board as deemed necessary or advisable. The Committee Chair is responsible for ensuring that important issues discussed at the Committee meetings are reported timely to the Board. Each calendar year, the Committee shall provide a report to the Board summarizing its activities during the previous year.

### **III. Authority**

- A. Scope. Subject to the direction of the Board, the Committee is authorized to act on behalf of the Board with respect to any matter necessary or appropriate to the accomplishment of the purpose and responsibilities set forth in this Charter. In discharging its role, the Committee may inquire into any matter it considers appropriate to carry out its purpose and responsibilities, with access to all books, records, facilities and personnel of OCC. The Committee shall confer with management and other employees of OCC to the extent it may deem necessary or appropriate to fulfill its duties.

The Committee shall have the authority to hire specialists or rely upon other outside advisors or specialists to assist it in carrying out its activities. The Committee also shall have the authority to approve the fees and retention terms applicable to such advisors and specialists. The Committee's annual report to the Board will reference any engagement of specialists or outside

advisors, including fees and expenses associated therewith. Where the Committee is authorized to approve reports or proposals provided to it by management, the Committee may or may not approve such matters in its business judgment. If the Committee does not approve such a report or proposal, it shall report to management that it has not approved such matter and may provide direction as to revisions or alternative courses of action as appropriate. The Committee shall report to the Board in the event that it does not approve a report or proposal provided to it by management, including the reasons for non-approval.

- B. Delegation. The Committee may form and delegate authority to subcommittees and may delegate authority to one or more designated members of the Committee and to one or more designated officers. The Committee may refer a risk under its oversight to another committee or the Board as advisable or appropriate. However, in all instances, the Committee retains the obligation to oversee such delegated or referred activity and to assure itself that delegation and reliance on the work of such delegates is reasonable.

#### **IV. Functions and Responsibilities**

The Committee shall have the following functions and responsibilities in discharging its oversight role:

- The Committee shall identify for purposes of making recommendations to the Board the criteria, skills, experience, expertise, attributes and professional backgrounds (collectively, “Standards”) desirable in directors to ensure the Board is able to discharge its duties and responsibilities.
- The Committee shall identify, screen and review individuals qualified to be elected or appointed, as the case may be, to serve as Member Directors and Public Directors, consistent with the Standards approved by the Board (including evaluation of incumbent directors for potential re-nomination, taking into consideration, among other things, an incumbent director’s past performance, including attendance at meetings and participation and contributions to the activities of the Board), after consultation with the Executive Chairman.
- The Committee shall assess the appropriateness of a director continuing to serve on the Board where such director submits his or her offer to resign upon the director ceasing to hold the principal occupation or business association that such director held when originally invited to join the Board, and recommend to the Board any action to be taken related thereto, consistent with the requirements of the By-Laws concerning the continued eligibility of such person to remain a director.
- The Committee shall review at least every three years the composition of the Board as a whole for consistency with public interest and regulatory requirements,

including whether the Board reflects the appropriate balance across the categories of directors (i.e., Member Directors, Exchange Directors, Public Directors and Management Director).

- The Committee shall review at least every three years the continued appropriateness of the term limits applicable to Member Directors set forth in the By-Laws and recommend to the Board, where appropriate, changes to such provisions.
- The Committee shall review at least once every twelve months the Board's Charter and Corporate Governance Principles and the charters of the Board's committees for consistency with the public interest and other regulatory requirements, transparency of the governance process, and other sound governance practices.
- The Committee shall recommend to the Board, where appropriate, changes to the charters of the Board and its committees, including this Charter.
- Each calendar year, the Committee shall review and advise the Board with regard to whether directors are independent as defined by the Board.
- The Committee shall advise the Board with respect to committee structure, operations and charters, including:
  - Reviewing periodically the committee structure of the Board; and
  - Recommending to the Board for its approval the appointment of directors to Board committees and assignment of committee Chairs, in each case after consultation with the Executive Chairman.
- The Committee shall consider and advise the Board on matters pertaining to director leadership development and Board succession planning.
- For each calendar year, the Committee shall develop and recommend to the Board, and coordinate and provide oversight of, the annual process of self-evaluation of the role and performance of the Board's committees and directors in the governance of OCC.
- The Committee shall oversee, review and consider changes to the orientation program for new directors and continuing director training and education opportunities.
- The Committee shall review and consider changes to OCC's policies on conflicts of interest of directors, including the OCC Directors Code of Conduct, and recommend such changes to the Board. The Committee shall review any director conflicts of interest and the manner in which they are to be monitored and resolved.

- The Committee shall have the authority to approve all material changes to written policies related to related party transactions and recommend such changes to the Board for approval. The Committee shall review and, if appropriate, approve or ratify any related party transactions involving OCC, in accordance with the written policy governing such transactions.
- The Committee shall identify risk issues relating to the areas that the Committee oversees that should be escalated to the Board for its review and consideration.
- Each calendar year, the Committee shall confirm to the Board that all responsibilities outlined in this Charter have been carried out.
- Each calendar year, the Committee shall assess its and its individual members' performance and provide results of such assessment to the Board for review.
- The Committee shall perform such other responsibilities and functions as shall from time to time be assigned to it under the By-Laws and Rules, other policies, or delegated to it by the Board.
- The Committee shall perform any other duties consistent with this Charter as the Committee deems necessary or appropriate, or as the Board shall further delegate to the Committee.

## **V. Review Cycle**

The Committee shall review this Charter at least once every twelve months. The Committee shall submit this Charter to the Board for approval, with such changes, if any, as the Committee deems advisable.