

**FLYING FUTURES CIC AUDIT COMMITTEE
TERMS OF REFERENCE**

Approval and Review	Details
Approval Authority	Board
Approval Authority signature: Print name:	LEE GOLZE, COMPANY SECRETARY (On behalf of the Board)
Next Review Date	To be reviewed annually April 2018

Approval and Amendment History	Details
Original Approval Authority and Date	Board DD/MM/YYYY
Amendment Authority and Date	Board DD/MM/YYYY
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1. Composition

The Committee shall comprise at least two members from amongst the Non-Executive Directors of the Company. Members of the Committee shall be appointed by the Board. An Executive Director may be a member. Appointments to the Committee shall be for a period of up to three years, extendable at the Board’s discretion.

The Board shall appoint the Committee Chairman. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

2. Quorum

The quorum necessary for the transaction of business shall be two Independent Non-Executive Director members.

3. Frequency of meetings

The Committee shall meet at least three times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.

Outside of the formal meeting programme, the Committee Chairman will maintain a dialogue with key individuals involved in the Company’s governance, including the Board Chairman and Exec Directors.

4. Notice of meetings

Meetings of the Committee shall be convened by the Chair of the Committee to schedule, or at the request of any of its members or at the request of an Exec Director.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, no later than four days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

5. Minutes of meetings

One of the meeting attendees, possibly by rotation, shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.

Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless it would be inappropriate to do so in the opinion of the Committee Chairman.

6. Purpose and Duties

The Committee shall:

Financial reporting

The Committee shall monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports, interim management statements, and any other formal announcement relating to its financial performance, reviewing and reporting to the Board on significant financial reporting issues and judgements which they contain.

In particular, the Committee shall review and challenge where necessary:

- a) the consistency of, and any changes to, significant accounting policies on a year on year basis
- b) the methods used to account for significant or unusual transactions where different approaches are possible
- c) whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements
- d) the clarity and completeness of disclosure in the Company's financial reports and the context in which statements are made
- e) all material information presented with the financial statements, such as the business review and the corporate governance statements relating to audit and risk management
- f) Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board.

Internal controls and risk management systems

The Committee shall:

- a) keep under review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems;
- b) advise the Board on the Company's overall risk appetite, tolerance and strategy, taking account of the current and prospective macroeconomic and financial environment and drawing on financial stability assessments such as those published by relevant industry and regulatory authorities including the Financial Conduct Authority and other authoritative sources that may be relevant for the Company's risk policies.
- c) oversee and advise the Board on the current risk exposures of the Company and future risk strategy.

In relation to risk assessment:

- a) keep under review the Company's overall risk assessment processes that inform the Board's decision making, ensuring both qualitative and quantitative metrics are used
- b) review regularly and approve the parameters used in these measures and the methodology adopted
- c) set a standard for the accurate and timely monitoring of large exposures and certain risk types of critical importance
- d) review the Company's ability to identify and manage new risk types
- e) review reports on any material breaches of risk limits and the adequacy of proposed action
- f) review and approve the statements to be included in the annual report concerning internal controls and risk management

7. Compliance, whistleblowing and fraud.

The Committee shall:

- a) review the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action
- b) review the Company's procedures for detecting fraud
- c) review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance.
- d) The Committee shall make whatever recommendations to the Board it deems appropriate on any other issues on which the Board has requested the Committee's opinion.

8. Other matters

The Committee shall:

- a) have access to sufficient resources in order to carry out its duties, be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members
- b) oversee any investigation of activities which are within its terms of reference;
work and liaise as necessary with all other Board Committees
- c) arrange for periodic reviews of its own performance and, at least annually, review its terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board

9. Authority

The Committee is authorised to:

- a) seek any information it requires from any employee of the Company in order to perform its duties
- b) obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so

- c) call any employee to be questioned at a meeting of the Committee as and when required; and
- d) have the right to publish in the Company's annual report, details of any issues that cannot be resolved between the Committee and the Board.