

PANMURE GORDON & CO. PLC

AUDIT, RISK & COMPLIANCE COMMITTEE TERMS OF REFERENCE

1. Structure

1.1 Members

The composition of the Audit, Risk & Compliance Committee is designed to reflect the collective knowledge and experience of the Board in accounting, legal, compliance, risk and market risk matters.

The current members of the Committee are:

Anthony Cann	Non-Executive Director
Nader Shenouda	Non-Executive Director
Lesley Watkins	Non-Executive Director
Ed Warner	Chairman

Other directors, the head of Compliance, the head of Internal Audit, other members of staff or representatives of the external auditor will be invited to attend as appropriate.

Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three year periods, provided that the majority of the Committee members remain independent. The Chairman of the Committee shall be appointed by the Board.

1.2 Chairman

Lesley Watkins currently acts as chairman of the Audit, Risk & Compliance Committee. In her absence, the members present will choose a person to act as chairman for the meeting.

1.3 Secretary

The Company Secretary will act as Secretary to the Committee.

1.4 Quorum

The quorum for a meeting of the Committee shall be two.

1.5 Meetings

The Audit, Risk & Compliance Committee will meet at least twice a year before approval of the interim and final results and on an ad-hoc basis as required.

1.6 Relationship to the Board

The Committee is a sub-committee of the Board, its terms of reference are set by the Board and it reports to the Board.

2. Responsibilities of the Audit, Risk & Compliance Committee

The responsibilities of the Audit, Risk & Compliance Committee are:

- To monitor the integrity of the group's financial statements through review and challenge, as necessary, of the actions and judgments of management in relation to the interim and annual accounts and to recommend the interim and annual financial statements to the Board
- To review management's response to any major external audit recommendations
- To recommend to the Board the appointment and remuneration of the external auditor
- To discuss with the external auditor the nature and scope of the audit and to monitor performance thereof
- To receive, review and comment on all reporting documents arising from the external auditor's work in relation to the control environment and system of internal controls within the group
- To review the external auditor's independence and objectivity, including the volume, extent and cost of any non-audit services provided and make recommendations to the Board in respect thereof
- To review the company's procedures for handling allegations from whistleblowers
- To monitor and review the effectiveness of the company's internal audit function and to ensure that it has adequate resources and appropriate access to information to enable it to perform its function effectively
- To agree the internal audit function's programme of work and to review and comment on all internal audit reports. The Head of Internal Audit has a principal reporting line to the Chairman of the Committee
- To take primary responsibility for reviewing and considering the Group's Individual Liquidity Adequacy Assessment (ILAA) and Internal Capital Adequacy Assessment Process (ICAAP), including review of the Group's Risk Register, on a regular basis
- To advise the Board on the current risk exposures of the Group, on any changes to the Group's risk strategy that the Committee considers appropriate and on the Board's overall risk appetite and tolerance, taking into account the current and prospective macro-economic environment
- To review the Group's controls and procedures for the evaluation, monitoring and management of all risks attributable to the Group's business and to consider the effectiveness of those controls, taking into account the findings of internal audit
- To receive reports from the Global Risk Committee
- In respect of regulatory/compliance risk:
 - To review the activities and work plan of the Group Compliance department.
 - To receive reports from the Group Compliance department.

- To monitor the Group's relationship with its regulators.
- To consider the results of any regulatory review.
- To monitor the progress of any steps agreed to be taken by the Group Compliance department as a result of any regulatory, audit or internal audit review.
- To consider whether compliance risk is being appropriately managed across the Group.
- To ensure that the Group's compliance is appropriately reflected in Group management and in the Group's remuneration strategy.
- To review conflicts of interest in general.

The Group Compliance department has a reporting line to the Chairman of the Committee.

- In respect of any proposed acquisition or disposal, to oversee a due diligence appraisal of the proposition, drawing on external advice where appropriate and available, and advising the Board of its findings and recommendations.

3. Annual General Meeting

The Chairman of the Committee will attend the Annual General Meeting and be prepared to respond to any shareholder questions on the Committee's activities.

4. Authority

- 3.1 The Audit Committee has the authority to seek any necessary information to fulfil its responsibilities and all management and employees are directed to co-operate with any request made by the Committee.
- 3.2 The Audit Committee has the right to obtain external legal assistance and any professional advice which might be necessary for the fulfilment of its duties at the cost of the Company.

5. Minutes

Minutes of decisions will be recorded for each meeting of the Audit Committee. All minutes are to be signed by the Chairman of the meeting.