



Benchmark Administration: Governance and Conflicts of Interest Management

v1.0



Contents

1.0	Introduction.....	3
2.0	Identification of Conflicts of Interest.....	3
3.0	Benchmark Administration Governance	3
4.0	Benchmark Methodologies	4
5.0	Policies and Training.....	4
6.0	Declaration of Outside Interests.....	4
7.0	Personal Account Dealing.....	5
8.0	Whistleblowing and Confidential Employee Hotline...	5

1.0 Introduction

- 1.1** FTSE Russell is a trading name of FTSE International Limited, Frank Russell Company, FTSE Global Debt Capital Markets Inc., FTSE Global Debt Capital Markets Limited and MTSNext Limited, which are members of the London Stock Exchange Group plc group.
- 1.2** As a benchmark administrator authorised by the FCA, FTSE International Limited has in place robust governance arrangements which include a clear organisational structure and a framework to identify and to prevent or manage potential conflicts of interest and to ensure that where any judgement or discretion in the benchmark determination process is required, it is independently and honestly exercised.
- 1.3** This document gives an overview of the governance arrangements and the main ways in which conflicts of interest identified, prevented and managed.

2.0 Identification of Conflicts of Interest

- 2.1** FTSE Russell has identified at an organisational and at a benchmark level where conflicts exist, where there is the potential for a conflict of interest to arise and where there may be the perception of a conflict of interest.
- 2.2** This process is subject to review by the FTSE Russell Oversight Committee on an annual basis, or more frequently if the possibility of a conflict arises. Given the range of mitigating processes, controls and governance in place to manage the potential conflicts identified as part of the framework, we do not consider there are any residual material conflicts.

3.0 Benchmark Administration Governance

FTSE Russell is wholly owned by London Stock Exchange Group plc (LSEG). Benchmark administration is the responsibility of FTSE International Limited which is managed separately from other businesses owned and operated by LSEG.

To oversee its indexes, FTSE Russell has developed a strong governance framework that includes:

- the FTSE Russell Product Governance Board that approves all new index methodologies and enhancements to existing methodologies;
- working groups formed of knowledgeable and experienced employees to support the FTSE Russell Product Governance Board;
- external advisory committees formed of senior, experienced market practitioners, clients and index users that provide input to the FTSE Russell Product Governance Board and help to mitigate any potential for conflicts of interest; and
- the FTSE Russell Oversight Committee, which along with the other FTSE Russell internal forums and external advisory committees forms the Oversight Function required by the European Regulation on indices used as benchmarks (EU BMR) to ensure oversight of all aspects of the provision of the benchmarks administered by FTSE International Limited.

For further information on the FTSE Russell governance framework please refer to:

[FTSE Russell Governance Framework.pdf](#)

4.0 Benchmark Methodologies

- 4.1 Index methodologies are clearly defined and made publicly available on the FTSE Russell website (www.ftserussell.com). They are subject to regular review to ensure they reflect the market they are seeking to represent. Criteria for index inclusion (e.g. country classification, eligible markets, listing regimes) are considered by the external advisory committees as well as the FTSE Russell Product Governance Board. Market consultations are required for substantial changes to index methodologies, as detailed in the *FTSE Russell Policy for Benchmark Methodology Changes*. Index inclusion or exclusion is determined in accordance with the eligibility criteria detailed in the methodology documents and therefore are managed separately from any commercial relationships FTSE Russell may have in place with clients, partners or suppliers.
- 4.2 The index methodologies and supporting policies are designed to minimise the need for the requirement for the use of any expert judgement or discretion. Any expert judgement required is carried out according to the applicable *Statement of Principles* and the *Exercise of Expert Judgement in FTSE Russell Indexes* policy and is recorded and reviewed by the FTSE Russell Product Governance Board.

5.0 Policies and Training

- 5.1 To manage any potential conflicts of interest, all FTSE Russell employees are required to adhere to LSEG employee policies including those on:
- Conflicts of Interest;
 - Code of Conduct;
 - Personal Account Dealing;
 - Confidentiality;
 - Whistleblowing;
 - Anti-Bribery and Corruption; and
 - Financial Crime.
- 5.2 These LSEG-wide policies are supplemented by FTSE Russell specific policies that cover conflicts of interest and the management of inside information.
- 5.3 Implementation and understanding of these policies is supported by the LSEG-wide mandatory training programme. FTSE Russell employees are required to complete the mandatory training courses and answer questions to test their understanding of the material. Levels of completion of the training programme are reported to the FTSE Russell Oversight Committee.

6.0 Declaration of Outside Interests

- 6.1 All directors, employees, contractors and agency workers of FTSE Russell are required to declare any internal or external positions, appointments or activities. Declarations must be completed in the electronic Central Compliance System on joining the company, or subsequently the time any such

position, appointment or activity arises. Annual declarations are required to ensure the information is still accurate.

- 6.2 All declared internal or external positions, appointments or activities are subject to pre-approval by the Compliance team. On identification of an actual or a possible conflict of interest, the Head of Governance, in conjunction with the Compliance team, will decide whether measures need to be taken to avoid or manage any conflict of interest.
- 6.3 Each member of an external advisory committee receives a letter of appointment to the position, which details the process for managing conflicts of interest and the requirement for any to declared. Reminders of their obligations are given at the beginning of each meeting.

7.0 Personal Account Dealing

- 7.1 All members of staff of FTSE Russell are required to declare any holdings in the electronic Central Compliance System on joining the company and confirm the information is accurate on an annual basis.
- 7.2 When wishing to trade in relevant securities, all members of staff are required to seek permission through the electronic Central Compliance System prior to any such trading. Approval is given by the Compliance Team.

8.0 Whistleblowing and Confidential Employee Hotline

- 8.1 The *Whistleblowing* Policy details the whistleblowing arrangements in place to report any concerns regarding any behaviour that may be unethical or in breach of the *Code of Conduct*, laws or regulation. This policy and code are applied to all members of staff across LSEG, including FTSE Russell.
- 8.2 The *Whistleblowing* policy applies to all staff and covers situations where a whistleblower may raise a concern about malpractice or wrongdoing that affects others, including other staff, LSEG, clients or suppliers. The number and nature of whistleblowing incidents identified are required to be reported anonymously, where applicable, to the board of directors of the relevant regulated entity affected by the incident.

For more information about our indexes, please visit ftserussell.com.

© 2019 London Stock Exchange Group plc and its applicable group undertakings (the "LSE Group"). The LSE Group includes (1) FTSE International Limited ("FTSE"), (2) Frank Russell Company ("Russell"), (3) FTSE Global Debt Capital Markets Inc. and FTSE Global Debt Capital Markets Limited (together, "FTSE Canada"), (4) MTSNext Limited ("MTSNext"), (5) Mergent, Inc. ("Mergent"), (6) FTSE Fixed Income LLC ("FTSE FI") and (7) The Yield Book Inc ("YB"). All rights reserved.

FTSE Russell® is a trading name of FTSE, Russell, FTSE Canada, MTSNext, Mergent, FTSE FI and YB. "FTSE®", "Russell®", "FTSE Russell®", "MTS®", "FTSE4Good®", "ICB®", "Mergent®", "The Yield Book®" and all other trademarks and service marks used herein (whether registered or unregistered) are trade marks and/or service marks owned or licensed by the applicable member of the LSE Group or their respective licensors and are owned, or used under licence, by FTSE, Russell, MTSNext, FTSE Canada, Mergent, FTSE FI or YB.

All information is provided for information purposes only. Every effort is made to ensure that all information given in this publication is accurate, but no responsibility or liability can be accepted by any member of the LSE Group nor their respective directors, officers, employees, partners or licensors for any errors or for any loss from use of this publication or any of the information or data contained herein.

No member of the LSE Group nor their respective directors, officers, employees, partners or licensors provide investment advice and nothing in this document should be taken as constituting financial or investment advice. No member of the LSE Group nor their respective directors, officers, employees, partners or licensors make any representation regarding the advisability of investing in any asset. A decision to invest in any such asset should not be made in reliance on any information herein. Indexes cannot be invested in directly. Inclusion of an asset in an index is not a recommendation to buy, sell or hold that asset. The general information contained in this publication should not be acted upon without obtaining specific legal, tax, and investment advice from a licensed professional.

No part of this information may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without prior written permission of the applicable member of the LSE Group. Use and distribution of the LSE Group index data and the use of their data to create financial products require a licence with FTSE, Russell, FTSE Canada, MTSNext, Mergent, FTSE FI, YB and/or their respective licensors.

About FTSE Russell

FTSE Russell is a leading global provider of benchmarking, analytics and data solutions for investors, giving them a precise view of the market relevant to their investment process. A comprehensive range of reliable and accurate indexes provides investors worldwide with the tools they require to measure and benchmark markets across asset classes, styles or strategies.

FTSE Russell index expertise and products are used extensively by institutional and retail investors globally. For over 30 years, leading asset owners, asset managers, ETF providers and investment banks have chosen FTSE Russell indexes to benchmark their investment performance and create ETFs, structured products and index-based derivatives.

FTSE Russell is focused on applying the highest industry standards in index design and governance, employing transparent rules-based methodology informed by independent committees of leading market participants. FTSE Russell fully embraces the IOSCO Principles and its Statement of Compliance has received independent assurance. Index innovation is driven by client needs and customer partnerships, allowing FTSE Russell to continually enhance the breadth, depth and reach of its offering.

FTSE Russell is wholly owned by London Stock Exchange Group.

For more information, visit ftserussell.com.

To learn more, visit ftserussell.com; email info@ftserussell.com; or call your regional Client Service Team office:

EMEA

+44 (0) 20 7866 1810

North America

+1 866 551 0617

Asia-Pacific

Hong Kong +852 2164 3333

Tokyo +81 3 4563 634