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# FTSE Russell Policy Advisory Board

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## 1.0 Constitution

- 1.1 The FTSE Russell Policy Advisory Board (Policy Advisory Board) has been established to provide strategic advice to FTSE Russell on the construction and maintenance of the FTSE Russell indexes (the Agreed Index Series) and the FTSE Russell industry classification schemes (the Agreed Classification Schemes), on its strategy in meeting current and future market requirements for indexes and classification schemes, covering all investment sectors.
- 1.2 In March 2018, it was decided that the Agreed Index Series are: the FTSE UK Index Series, the FTSE Global Equity Index Series, the FTSE China Index Series, the Russell U.S. Indexes, the FTSE Actuaries UK Gilts Index Series, the FTSE Canada Bond Index Series, the FTSE MTS Index Series, and the FTSE Fixed Income Indexes<sup>1</sup>.
- 1.3 In September 2017, it was decided that the Agreed Classification Schemes are: the Industry Classification Benchmark (ICB) and the Russell Global Sectors (RGS) classification system.
- 1.4 The Policy Advisory Board will consist of senior market practitioners of the most experienced level who are representative of the appropriate sectors of the investment community.
- 1.5 The Policy Advisory Board shall receive a report on the business of the Committees which oversee the agreed indexes and classification schemes. Those committees are: the regional equity and fixed income advisory committees, the Country Classification Advisory Committee, the Industry Classification Advisory Committee and the Canada Fixed Income Advisory Committee.

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<sup>1</sup> Formerly Citi Fixed Income Indices

## **2.0 Purpose**

2.1 The purpose of the Policy Advisory Board is to provide a forum to interact with senior market practitioners and to act as a sounding board for index initiatives intended to enhance the credibility and reputation of FTSE Russell products for final approval by the FTSE Russell Product Governance Board.

## **3.0 Responsibilities**

3.1 The responsibilities of the Policy Advisory Board are:

- to discuss substantive changes to the methodology underlying the Agreed Index Series and the Agreed Classification Schemes;
- to provide strategic advice to FTSE Russell on the development and methodology of new index series;
- to discuss the recommendations for changes to country classification made by the FTSE Country Classification Advisory Committee and the regional advisory committees as described in the Country Classification Process documents on [www.ftserussell.com](http://www.ftserussell.com)

## **4.0 Members**

4.1 Appointment to the Policy Advisory Board is by invitation and extended by FTSE Russell on a personal level to individual market practitioners.

4.2 The Chairman of the Policy Advisory Board is appointed by FTSE Russell, for a period of three years, with the possibility of re-appointment for subsequent terms.

4.3 The members of the Policy Advisory Board are appointed by FTSE Russell. They will retain membership for a period of three years with the possibility of re-appointment for subsequent terms, as determined by FTSE Russell. A Deputy Chairman shall be appointed by FTSE Russell with the approval of the Chairman, from the members of the Policy Advisory Board.

4.4 Members of the Policy Advisory Board may discuss topics raised at meetings of the Policy Advisory Board with colleagues in their own organisation to source such expertise as is relevant to the issues for which members' views are sought as Policy Advisory Board members. In having such discussions, Policy Advisory Board members should be aware of their confidentiality and conflicts of interest obligations, as well as the purpose and responsibility of the Policy Advisory Board and their role in it.

4.5 FTSE Russell will not disclose names of Policy Advisory Board members and members of the advisory board shall not disclose names of other members to a third party.

4.6 The prospective members of the Policy Advisory Board will be provided with a letter of invitation and the Terms of Reference for the Policy Advisory Board; members will be required to sign a copy of the letter of invitation confirming their acceptance of its terms.

## **5.0 The Secretary**

5.1 A Secretary is appointed to support the work of the Policy Advisory Board. The Secretary will be responsible for preparing meeting agendas and papers, maintaining a record of members' attendance and taking the minutes. The Secretary is responsible for following up action points between meetings.

## **6.0 Meetings**

6.1 The Policy Advisory Board will meet to conduct business in accordance with its responsibilities set out in paragraph 3. Members are requested to attend the annual meeting in their region, preferably in person, and are expected to join at least one other by conference call.

- 6.2 The Chairman or the Deputy Chairman and the Committee Secretary or a deputy must be in attendance.
- 6.3 An extraordinary meeting of the Policy Advisory Board may be convened at the request of the Chairman or the Chairman of the FTSE Russell Product Governance Board when deemed necessary.
- 6.4 Declarations of any known actual or potential conflict of interest with respect to any agenda item can be made at any time before or during the meeting, which will be followed by the appropriate recusal.
- 6.5 The minutes of the meeting are to be approved by the members of the Policy Advisory Board.

*The Terms of Reference for the FTSE Russell Policy Advisory Board shall be reviewed annually by the FTSE Russell Product Governance Board.*

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**For more information about our indexes, please visit [ftserussell.com](https://ftserussell.com).**

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FTSE Russell is a leading global index provider creating and managing a wide range of indexes, data and analytic solutions to meet client needs across asset classes, style and strategies. Covering 98% of the investable market, FTSE Russell indexes offer a true picture of global markets, combined with the specialist knowledge gained from developing local benchmarks around the world.

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 investment funds, ETFs, structured products and index-based derivatives. FTSE Russell indexes also provide clients with tools for asset allocation, investment strategy analysis and risk management.

A core set of universal principles guides FTSE Russell index design and management: a transparent rules-based methodology is informed by independent committees of leading market participants. FTSE Russell is focused on index innovation and customer partnership applying the highest industry standards and embracing the IOSCO Principles. FTSE Russell is wholly owned by London Stock Exchange Group.

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