Overview

The FTSE Russell Oversight Committee (Oversight Committee) is responsible for the oversight of all aspects relating to the provision of benchmarks administered by FTSE International Limited. Reporting to the board of FTSE International Limited, the Oversight Committee will receive updates from first-line internal governance forums in the consideration of their business, where appropriate. Further details of the FTSE international Limited governance process can be found at: http://www.ftse.com/products/indices/internal-governance.

Responsibility

The FTSE Russell Oversight Committee is responsible for the following; (for ease, references to the respective articles of the European Benchmark Regulation (EU BMR) are shown where appropriate):

- Receiving confirmation from the Product Governance Board:
  - that a review of the methodology of existing indices has been undertaken at least annually (A5(3)(a))
  - that new benchmark methodologies and changes to existing ones have been approved in line with procedures and in accordance with the risk appetite framework (A5(3)(b))
  - that an assessment of the quality of the input data provided by third parties has been undertaken and that any remedial action required has been identified and actioned (A5(3)(e))
  - that an assessment of the quality of services provided by third parties with respect to the calculation and dissemination of the indexes has been undertaken and that any remedial action has been identified and actioned (A5(3)(e))
  - that where a benchmark is based on input data from contributors, input data and contributions are monitored and a code of conduct adhered to by the contributors (A5(3)(g))

- Receiving and reviewing minutes from the external advisory committee meetings and, if appropriate, requesting confirmation that any issues or concerns raised by the external advisory committees have been considered by the Product Governance Board

- Upon request from the chair of any of the external advisory committees, receiving representation from them if they consider FTSE International Limited as the benchmark administrator is not administering the benchmarks in the best interests of users
Terms of Reference

• If it considers such action appropriate, requesting FTSE International Limited as benchmark administrator consults on any proposed changes to existing benchmark policies (A5(3)(b))
• Challenging and reviewing the risk profile and control framework of the benchmark administrator (A5(3)(c))
• Evaluating potential and actual conflicts of interest and how they are controlled to ensure they are suitably managed
• Reviewing and validating new benchmarks and significant changes to existing benchmarks, in accordance with the risk appetite framework
• Assessing internal and external audit reports and monitoring the implementation of remediation measures (A5(3)(f))
• Determining action in respect of breaches of code of conduct where a benchmark is based on input data from contributors (A5(3)(h))
• Evaluating complaints with respect to the determination of a benchmark
• For benchmarks that are not determined on the basis of transaction prices, receiving and reviewing a price quality report from the Product Governance Board on at least a quarterly basis that compares the prices used in the determination of the benchmarks against transaction data and other comparable pricing or valuation sources where these are available with a view to identifying any suspicious contributions or other input data
• For benchmarks that are intended to measure the performance of a market or underlying economic reality that is, or may become, illiquid, receiving reports from the Product Governance Board that evidence that the benchmark is continuing to provide an accurate reflection of that market or underlying economic reality
• Consider reports from the risk and compliance officers and internal audit.
• Consider any actions to be taken in relation to reports arising from Whistleblowing procedures
• Consider reports from the technology relationship manager in relation to outsourcing arrangements to LSEG BSL and third party suppliers (A5(3)(e))
• Reviewing existing partner and outsourcing arrangements (A5(3)(e))
• Reviewing and approving the procedures for cessation of benchmarks, including any consultation process (A5(3)(d))
• Reporting to the FCA any misconduct by Contributors, or FTSE International Limited in its role as administrator and any anomalous or suspicious input data (A5(3)(i))

Meetings

The Oversight Committee meets every two months or as otherwise required. The Oversight Committee shall have access to all documentation necessary to carry out its duties. Papers will be co-ordinated and distributed by the secretary to the meeting, who will minute the outcomes of the meeting. On occasions where particular matters require consideration between meetings these may be considered via e-mail or a separate meeting will be convened if necessary. Matters requiring legal advice may be privileged.
Terms of Reference

Reporting

The Chair of the Oversight Committee shall report to the FTSE International Limited Board on its proceedings after each meeting on all matters within its duties and responsibilities. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

Quorum

A quorum shall consist of two voting members. In the event that the Chair is unable to attend the meeting, it shall be Chaired by one of the other voting members.

Membership

The membership of the Oversight Committee, and its terms of reference, is approved by the Board of FTSE International Limited. In considering its membership, the Board is required to evaluate the expertise and skills of the proposed members and the time commitment required to conduct this role. The Chair of the Oversight Committee should make recommendations to the board for the nomination or removal and replacement of its members. The Chair of the Oversight Committee will act as the contact point for FTSE International Limited and the national competent authority. The Chair of the Oversight Committee may invite observers to attend in a non-voting capacity where particular matters are under consideration for which their skills and knowledge are needed to inform the discussion.

Documentation & Communication

- The meeting agenda and accompanying papers will be distributed no later than three days prior to the meeting.
- Meeting minutes will be distributed to attendees.
- Members are required to disclose any conflicts of interest before discussion of the item during meetings or outside of meetings. In the event of there being a conflict of interest, the member will be excluded from considering this matter and the matter will be recorded in the minutes of the meeting.
- Members and observers should be aware of the need to prevent the improper disclosure of confidential or sensitive information which may be received, produced or discussed by the Oversight Committee.
- The competent authority must be notified in the event of any suspected misconduct by contributors or the administrator and of any anomalous or suspicious input data.