



FTSE Russell Oversight Committee Terms of Reference

March 2023



FTSE Russell Oversight Function and Oversight Committee

The FTSE Russell Oversight Committee ("OC") is part of FTSE Russell's Oversight Function ("Oversight Function"), as defined in Article 5 of the EU Benchmark Regulation 2016/1011 (EU BMR) and Article 3 of the Level 2 Delegated Act 2018/1637.

The Oversight Function consists of multiple committees as described in Annex 1 ("Oversight Function Committees") and is responsible for the oversight of all aspects of the provision of benchmarks administered by FTSE International Limited ("FTSE") in compliance with the EU Benchmark Regulation and the UK Benchmark Regulation (collectively referred to as "BMR").

The OC is responsible for the overall direction and coordination of the oversight exercised by the Oversight Function and for representing the Oversight Function in front of the management body, which is the Board of Directors (the "Board") of FTSE, or FTSE's regulator from time to time, including in the event of any anomalous or suspicious input data.

Direction and Coordination of the Oversight Function

The OC directs and coordinates the oversight exercised by the Oversight Function by:

- 1) requesting and reviewing reports from the first line of defence functions and other Oversight Function Committees, identifying and reporting on key risk areas and challenging the effectiveness of FTSE's control framework and management and operation of benchmarks, in line with the BMR requirements.
- 2) meeting on a regular basis to assess the activities of the Oversight Function Committees and reporting to the FTSE Board the key outcomes and recommendations from the oversight of FTSE's benchmark administration activities.
- 3) having access to the materials and attending the meetings of the Oversight Function Committees through the chair of the OC ("Chair") and other OC Voting Members (as defined below) and their delegates, as appropriate, and challenging and expressing the OC views and recommendations on the work of the Oversight Function Committees, with respect to the oversight of all aspects of the provision of benchmarks.
- 4) ensuring that the:
 - a) Index Governance Board and relevant supporting forums review the benchmark methodologies at least annually, with new benchmark methodologies and changes to the existing ones reviewed and approved in line with the relevant procedures, including external consultations; and where it considers such action necessary, requests that FTSE appropriately consults on any proposed changes to the existing benchmark policies and methodologies.

- b) Index Governance Board appropriately reviews and approves benchmark administration policies and procedures, including procedures for benchmark cessation, and that (where required) external consultation was conducted.
 - c) Index Governance Board and the Index Management Board with any relevant supporting forums oversee and challenge the design and effectiveness of FTSE's control framework and the management and operation of the benchmarks.
 - d) Index Management Board and any relevant supporting forums oversee the effectiveness of third-party relationships for third parties involved in the provision of FTSE benchmarks.
 - e) Index Management Board and any relevant supporting forums review and monitor the implementation of remedial actions resulting from (first line) self-identified issues, and from Risk, Compliance or Internal Audit recommendations or findings.
- 5) attending the ordinary quarterly meetings of the FTSE Board through the Chair and other OC Voting Members, as appropriate, to share information, assess, and where appropriate challenge, management decisions with regard to benchmarks provision in compliance with the BMR requirements.

Membership and Quorum

The individual selected as Chair and other voting members of the OC should have the skills and expertise appropriate to perform the oversight of the provision of benchmarks and to satisfy the responsibilities that the Oversight Function is required to fulfil but cannot be directly involved in the benchmark provision process.

Membership of the OC consists of voting members, represented by FTSE's Head of Compliance, Risk and Legal ("OC Voting Members"), and non-voting members, which represent the key benchmark administration functions and include the chair of the Index Governance Board and heads of Index Policy, Index Management, Index Data Management, Benchmark Administration Management, Technology and Research, or their respective delegates, and other business representatives, as required by the Chair.

The Chair 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. In order for the OC meetings to be quorate, at least the Chair and one other voting member are required to attend.

Decisions are by simple majority of the voting members at the meeting or, in the absence of a majority, by the Chair.

The voting membership of the OC is approved by the FTSE Board, the non-voting membership is approved by the Chair, and the Terms of Reference of the OC are reviewed and approved by the OC Voting Members, at least annually.

Meetings

The Oversight Committee meets every two month or more frequently if requested by the Chair. Papers will be co-ordinated and distributed by the Chair or delegate, who will minute the outcomes of the meeting.

Documentation and Communication

Materials for the OC are distributed within 7 days prior to the meeting and meeting minutes are distributed within 14 days from the meeting. Prior to the start of the meeting, meeting participants are reminded of the confidential nature of the meetings and required to disclose any conflicts of interest related to the topics on the agenda. In the event of a conflict of interest, the participant will be excluded from discussions on this topic and the matter will be recorded in the meeting minutes.

Annex 1

The Oversight Function consists of first line forums (including the Index Management Board, Index Product Committee, Index Governance Board, Operations Committee and their supporting forums), and the second line Oversight Committee. Please refer to the [FTSE Russell Governance Framework](#) for more details.