

# THOMSON REUTERS BENCHMARK SERVICES LIMITED

## WM/REUTERS BENCHMARK OVERSIGHT COMMITTEE

### CHARTER

#### 1. Description

- 1.1. The business of the WM/Reuters Benchmark rates shall be managed by the Board of Directors (the "Board") of Thomson Reuters Benchmark Services Limited "Company" in accordance with the UK Companies Act 2006 and the Articles of Association.
- 1.2. The WM/Reuters Benchmark Oversight Committee (the "Committee") has been created in order to perform oversight of the WM/Reuters spot, forward and non-deliverable forward rates and any new benchmark products offered by WM/Reuters in the future (each a "Benchmark Rate" and together the "Benchmark Rates").

#### 2. Mission

The Committee is responsible for:

- 2.1. Conducting oversight of the Benchmark Rates and Thomson Reuters's role as administrator of the Benchmark Rates;
- 2.2. Reviewing and advising on the policies and methodologies by which Thomson Reuters calculates, administers and publishes the Benchmark Rates, including, for the avoidance of doubt, any cessation of the Benchmark Rates; and
- 2.3. Advising the Board with respect to the Board's determination that Benchmark Rates are calculated using adequate information.

#### 3. Scope

- 3.1. The Benchmark Rates and the Company's role as an administrator of the Benchmark Rates.

#### 4. Responsibilities

The Committee is responsible for:

- 4.1. Conducting periodic reviews of the definition, scope, purpose, context and the intended, expected or known usage of the Benchmark Rates;
- 4.2. Conducting periodic reviews of the methodology used by the Company to calculate the Benchmark Rates (the "Methodology") and the (i) validation and other control procedures used in calculating and publishing the Benchmark Rates; and (ii) sourcing of data used in calculating the Benchmark Rates;
- 4.3. Reviewing and overseeing any proposed material changes to the Methodology, including assessing whether the Methodology continues to appropriately measure the underlying interest and overseeing any changes;
- 4.4. Recommending that the Board approve any proposed material changes to the Methodology that the Members deem appropriate, following their review and oversight pursuant to Clause 4.3 above;
- 4.5. Overseeing the Company's adherence to the published Methodology and reviewing any exceptions and the underlying reasons for those exceptions;
- 4.6. Overseeing publication of the Benchmark Rates and reviewing any exceptions and the underlying reasons for those exceptions;
- 4.7. Overseeing the management and operation of the Benchmark Rates, including any activities relating to Benchmark Rates determination undertaken by a third party (if any);

- 4.8. Developing and publishing practice standards that address data standards, including data quality and representativeness. The Committee shall determine, in its sole discretion, the appropriate format and applicability of the published practice standards;
- 4.9. Developing a formal written process by which the Committee can work with data providers to gain comfort that such data providers have adequate data scrutiny and monitoring procedures in place to satisfy the Committee and the Board as to the integrity of the data inputs;
- 4.10. Periodically reviewing and updating the published practice standards to adapt the standards to changing market developments;
- 4.11. Taking measures to remain informed about material issues and risks relating to the Benchmark Rates;
- 4.12. Recommending that the Company commission such external reviews of the Benchmark Rates and appointing technical advisers to the Committee as the Committee deems appropriate. Such technical advisers may include, as appropriate, external or internal stakeholders;
- 4.13. Authorising or requesting the Company to undertake a consultation with its Benchmark Rates stakeholders where known and where the Committee deems it appropriate;
- 4.14. Reviewing and approving any procedures for termination of any Benchmark Rate and any communication with stakeholders on any such termination;
- 4.15. Considering the results of any internal and external audits in relation to the Benchmarks and monitoring implementation of any remediation action items;
- 4.16. Considering existing or potential conflicts of interest relating to the Benchmark Rates where material; and
- 4.17. Escalating material issues relating to the Benchmark Rates or the Company's role as administrator of the Benchmark Rates to the Board.

## **5. Matters Outside of the Committee's Authority**

- 5.1. The Committee is not responsible for overseeing any part of the Company's business other than the Benchmark Rates and the Company's role as administrator of the Benchmark Rates.

## **6. Meetings, Quorum and Voting**

- 6.1. The composition of the Committee is set out in Appendix I. The voting members of the Committee are together referred to as the "Members". Changes to the Members may be proposed by the Chair of the Committee but shall be subject to final approval by the Board. The non-voting advisers to the Committee are also set out in Appendix 1.
- 6.2. The Membership of the Committee must, at all times, be comprised of at least two (2) independent, non-executive directors, one (1) market infrastructure provider, and one (1) user of the Benchmark Rates. The Committee must also consider including a representative from its data providers, although whether to include such representative as a Member is in the sole discretion of the Committee.
- 6.3. No party can become a Member until that party has executed a confidentiality agreement with Thomson Reuters (or is already subject to a similar duty of confidentiality) that will govern the treatment of confidential and proprietary information discussed or disclosed to the Committee.
- 6.4. Each member of the Committee shall bring independent judgement to bear in their review, challenge and consideration of the matters put before the Committee.
- 6.5. Each member of the Committee may raise agenda items for review by the Committee.
- 6.6. Each voting member of the Committee shall have one vote.
- 6.7. If a Member is unable to attend a meeting, the Member may send his/her designated proxy listed in Appendix I who shall have the full voting authority of that Member.

- 6.8. Individuals, including external advisers, auditors or other persons who are not employees of SSC or Company may be invited to present to Committee meetings as deemed appropriate by the Members, after liaising with the Chair of the Committee. The Committee Secretary shall be advised of any additional attendees in advance of the relevant meeting.
- 6.9. A representative from the Company's senior management shall attend each Committee meeting to provide a report to the Committee on each relevant item in paragraph 4 above.
- 6.10. The Committee shall appoint a suitable individual to act as Committee Secretary. The Committee Secretary shall minute the proceedings of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.11. The presence of at least three Members of the Committee will constitute a quorum.
- 6.12. Throughout the meeting there must be a quorum. If a quorum is not present, the meeting will be adjourned and a new notice calling the meeting will be sent to Members of the Committee.
- 6.13. A vote of the majority is necessary for the approval of any resolution, whether present in person, by telephone or via electronic mail or other similar communication. In the event of an equality of votes the Chair shall have a second, or the casting vote.
- 6.14. Voting in meeting shall be by show of hands except where there are members attending by telephone, in which case voting shall be by voice. Prior to any vote the Chair must announce that a vote is to be taken and the method by which it will be taken. After the vote the Chair shall announce the results.
- 6.15. Matters which are the subject of a vote may be decided in writing or by email method, as determined by the Chair.
- 6.16. Where the Chair makes a determination that a matter is to be decided in writing (or by email method) he or she will inform the Members, detail the matter which is the subject of the vote, specify whether voting must be made in writing (or by email method), and specify a deadline by which Members must exercise their voting powers.
- 6.17. All decisions made by voting in writing or by email method must be documented and the results of the vote circulated to Members by the Chair or the Committee Secretary.

## **7. Frequency**

- 7.1. The Committee shall meet monthly, provided however that a meeting of the Committee may be convened at any time deemed necessary.
- 7.2. Members should endeavour to attend a minimum of 75% of the total number of Committee meetings held during a calendar year.

## **8. Notice of Meetings**

- 8.1. Meetings of the Committee shall be called by the Committee Secretary at the request of any of its Members.
- 8.2. Notice of each meeting confirming the date, time and place together with an agenda of items to be discussed and presentation materials, shall be forwarded in writing or by email to each member of the committee and any other person required to attend. The Committee Secretary shall endeavour to provide such notice at least seven days prior to the date of the meeting, but, at minimum, will provide on no less than one day's notice before the date of the meeting.
- 8.3. The term of notice may be shortened, or dispensed with by unanimous written consent of Members of the Committee.

## **9. Conflicts of Interest**

- 9.1. Where a member believes they have a potential or actual conflict of interest, they must declare the full nature and extent of that conflict to the Committee.

9.2. Any member who has interests in resolutions coming before the Committee may not participate in the adoption of such resolutions. In respect of such resolutions, such member shall not be counted in the number of Members present for the purposes of quorum.

9.3. Upon determination of the Committee, Members should absent themselves from that part of the meeting to which the conflict of interest relates.

## 10. Minutes

10.1. The minutes shall be circulated in draft form to Members of the Committee for their review and comment, in principle, no later than three weeks following the meeting to which the minutes refer.

10.2. The minutes shall be submitted to meetings of the Committee and a resolution shall be put recommending their adoption as a true and accurate record of the proceedings of the meeting to which they refer.

10.3. The minutes having been approved shall be signed by the Committee Secretary.

## 11. Subcommittees

11.1. The Committee may, from time-to-time, establish new subcommittees or remove/restructure its existing subcommittees as it deems necessary or appropriate.

11.2. Each subcommittee will have its own purpose, procedure and responsibilities which will, where required and/or where not detailed in the resolution or establishment, have a specific charter.

11.3. Each such subcommittee will be responsible to, and report to, the Committee.

## 12. Authority, Reporting and Escalation

12.1. The Committee shall refer and report significant matters relating to the Benchmark Rates or the Company's role as administrator of the Benchmark Rates to the Board promptly.

12.2. The Committee shall make a recommendation to the Board in relation to any proposed material changes to the Benchmark Rates methodology. The Board shall make the ultimate decision as to whether to adopt any such changes.

12.3. The Committee may, at its discretion, report on its activities and/or escalate significant matters to the Board of Directors of the Company's parent company, and senior management as required.

12.4. The Committee shall determine the nature, amount, format and frequency of information that it shall receive from the Company. The Committee shall have access to and information on the Company and, if necessary and appropriate, to the Company's management and to external expert advice.

## 13. Performance and Review

13.1. The Committee shall annually review its own composition, performance and Charter and the composition, performance and charters of its subcommittees.

13.2. This Charter may be amended by a majority vote of the Members. The Directors must be notified of the amendments as soon as possible following the vote of Members at which those amendments were approved.

## 14. Selection of Members

14.1. Any proposed changes to the Members of the Committee shall require Board approval.

## 15. Version History

Effective Date	Version Number	Amended Article	Reason/Comments/Approvals
1 July 2014	Version 1.0	-	Establishment of the WM Benchmark Oversight Committee.
4 August 2014	Version 2.0	Appendix I	Change of Committee Secretary from Michael Quirion to Louise Duff.

3 September 2014	Version 3.0	Appendix I	Inclusion of Alternates for Peter Williams and Stefan Gavell
6 February 2015	Version 4.0	Appendix I	Inclusion of Alternate for JR Lowry
29 <sup>th</sup> October 2015	Version 5.0		Updates for MAR8.3 and removal of Carol Ryan and Peter Williams
25 <sup>th</sup> April 2016	Version 1.0	Charter and Appendix 1	Change of company details and structure. Change to members – remove of Jessica Donohue and inclusion of Tobias Sproehnle and Shirley Barrow. Change of Chair from JR Lowry to Tobias Sproehnle

## APPENDIX I

### CURRENT COMPOSITION OF THE BENCHMARK OVERSIGHT COMMITTEE

Name	Title	Voting/ Non- Voting	Delegate/ Proxy	Independent Non- Executive? [Y/N]
JR Lowry	Senior Vice President, Global Exchange Head of EMEA	Voting /	Neil Rathi	JR Lowry
Stefan Gavell	Executive Vice President, Regulatory & Industry Affairs	Voting	Sven Kasper	Stefan Gavell
Tobias Sproehnle	Global Head of Benchmark Services	Voting/ Chair	Stefan Reichenbach	Tobias Sproehnle
Stefan Gavell	Executive Vice President, Regulatory & Industry Affairs	Voting	Sven Kasper	Stefan Gavell
Shirley Barrow	WM/Reuters Manager	Voting		
Louise Duff	Secretary	Non-Voting		

### Advisers to the WM/Reuters Oversight Committee

A member of the Legal, Compliance and/or Risk function shall be invited to attend meetings of the Benchmark Oversight Committee in a non-voting advisory capacity, as deemed appropriate by the Members of the Committee.

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