1. Purpose of the Oversight Committees

The purpose of each committee (an “Oversight Committee”) is to review the integrity of benchmarks administered by CME Group Benchmark Administration Limited (“Administrator”), by providing independent oversight of, and challenge to the Administrator on all aspects of the benchmark determination process.¹

The Administrator may administer more than one family of benchmarks, and may have an Oversight Committee for each benchmark or family of benchmarks. These Terms of Reference apply to each of those Oversight Committees.

The Oversight Committee assists with the Administrator’s compliance with:

a. the UK Benchmark Regulation (Regulation (EU) 2016/1011, as retained in UK law under the European Union (Withdrawal) Act 2018 (EUWA)) (the “BMR”), as supervised by the Financial Conduct Authority (“FCA”); and


In these Terms of Reference, all references to EU legislation that apply to the Administrator shall be read in this document to those retained in the UK under the EUWA.

2. Committee Membership

Oversight Committee members will represent benchmark users, banks, market infrastructure providers, non-executive directors of CME Group and other industry experts.² Delegates from central banks and competent authorities may sit on the Oversight Committee as observers.

Members shall be elected, nominated, removed and replaced in accordance with the following procedures:³

a. Nomination: The initial proposed members of the Oversight Committee, and any further proposed members, shall be nominated by the Administrator. Initial members must sign an appointment letter.

b. Election: The Oversight Committee will vote on election of any proposed new member that has been nominated by the Administrator. If the Oversight Committee votes in favour (by simple majority), the proposed member will be asked to sign an appointment letter (and shall only become a member once that appointment letter is signed).

c. Resignation: Members may resign by giving reasonable written notice to the Administrator.

d. Removal: Members of the Oversight Committee can be removed by the Administrator, as ratified by the vote of the remaining members of the Oversight Committee.

e. Replacement: Where a member resigns or is removed, a replacement may be appointed, at the discretion of the Administrator, through the nomination and election process.

Nominations, votes and ratification of new members can be done in writing or by way of an Oversight Committee meeting.

Each member will serve for a term of two years, which may be extended by way of signing a new appointment letter with the Administrator.

¹ Article 2(2) Commission Delegated Regulation (EU) 2018/1637
³ Article 3(1)(d) Commission Delegated Regulation (EU) 2018/1637
The intention of the Administrator in determining the composition of the Oversight Committee is that the members together shall have the skills and expertise appropriate to the oversight of the provision of the benchmark and to the responsibilities that the Oversight Committee is required to fulfil.

The members of the Oversight Committee, taken together as a whole:

a. shall have appropriate knowledge of the underlying market or economic reality that the benchmark seeks to measure (as set out in the benchmark methodology);⁴
b. shall have relevant expertise and skills, in a function relevant to the determination of the benchmark such as market expertise, control and risk expertise, operational expertise, benchmark and regulation expertise, general financial market expertise, or legal and compliance expertise;⁵
c. must confirm that they can meet the time commitments required;⁶ and
d. shall not include persons who have been subject to sanctions of administrative or criminal nature relating to financial services, in particular manipulation or attempted manipulation under UK Market Abuse Regulation (Regulation (EU) No 596/2014). ⁷

Persons that are directly involved in the provision of the benchmark may sit on the Oversight Committee, but may only do so as observers or non-voting members.

Observers of the Oversight Committee shall be those who the Administrator determines have a relevant interest in the determination, oversight or use of the benchmark.⁸

Representatives of the management body of the Administrator shall not be voting members of the Oversight Committee but may be invited to attend meetings, by the Oversight Committee, in a non-voting capacity.⁹

Summary details of the Oversight Committee members may be disclosed and made public from time to time. Declarations of conflicts of interest of Oversight Committee members and any measures to mitigate them may be made public. ¹⁰

3. Election of a Chairperson

The Administrator may propose a person to occupy the position of the Chair of the Oversight Committee (the “Chair”). The remaining members of the Oversight Committee will vote on the election of the proposed Chair.

The Chair shall be entitled to participate in all matters voted on by the Oversight Committee, other than election of a new Chair.

4. Compliance with laws

The members shall agree to comply with all relevant laws and regulations related to market abuse and insider dealing with respect to benchmark related information and will consult with the Chair if they are in any doubt as to the application of such laws or regulation.

⁴ Article 1(3) Commission Delegated Regulation (EU) 2018/1637
⁵ Article 3(1)(b) Commission Delegated Regulation (EU) 2018/1637
⁶ Article 3(1)(b) Commission Delegated Regulation (EU) 2018/1637
⁸ Article 3(1)(c) Commission Delegated Regulation (EU) 2018/1637
¹⁰ Article 3(1)(f) Commission Delegated Regulation (EU) 2018/1637
5. **Quorum and Voting**

The meeting will be quorate with at least three quarters of the total number of members of that Oversight Committee present either on the phone or in person. Voting and decisions at meetings will be based on a simple majority of the voting members present. Where voting members are external (i.e. not employed by CME Group) (“external members”) such external members may not vote or count in the quorum in relation to a decision which would have a direct business impact on the organisations they represent.11

6. **Frequency of meetings**

The Oversight Committee will meet regularly and in any event, at least twice per calendar year (pro-rated for the first year of the Oversight Committee). Oversight Committees for Interest Rate Benchmarks will meet at least every four months. Ad-hoc meetings can be called by the Administrator as matters arise.

7. **Agenda and Minutes**

An agenda will be provided one week ahead of a scheduled meeting and minutes will be circulated post meetings. Full minutes will be available to regulators having competent authority over the Administrator and redacted or summary minutes will be posted on the Administrator’s website.

8. **Oversight Function**

The Oversight Committee is a function of the Administrator, separate from the management and other governance bodies of the Administrator.12 The Oversight Committee shall address all recommendations on benchmark oversight to the management body of the Administrator.13

The Administrator shall make available to the Oversight Committee all relevant documents necessary to carry out its oversight function.14

Where the Oversight Committee becomes aware that the management body of the Administrator has acted or intends to act contrary to any recommendations or decisions of the Oversight Committee, it shall record that fact clearly in the minutes of its next meeting.15

9. **Scope of Responsibility**

The Oversight Committee perform the following functions, consistent with BMR16 and the IOSCO Principles:

a. review the benchmark definition and appropriateness of the benchmark methodology at least annually;

b. review any changes that need to be made to the benchmark methodology and request the Administrator to consult on any changes with wider stakeholders;

c. assess and challenge the control framework, the management and operation of the benchmark;

d. oversee the adequacy of the systems and controls in place around the benchmark, evidenced by the management information metrics;

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11 Article 3(1)(g) Commission Delegated Regulation (EU) 2018/1637
12 Article 2(1) Commission Delegated Regulation (EU) 2018/1637
16 Article 5(3) BMR
e. review and approve cessation policies and consultations on cessation of the benchmark;
f. oversee any third party involvement in the benchmark determination process, including calculation or dissemination agents;
g. assess internal and external audits or reviews and monitor the implementation of recommended actions;
h. overseeing the benchmark family conflicts of interest via a conflict register;
i. address recommendations on benchmark oversight to the management body of the Administrator;
j. report to the competent authority of any suspected market abuse; and
k. any other matters considered relevant to the oversight and integrity of the benchmark.

The Oversight Committee has no authority to make specific benchmark content decisions, which are the responsibility of the Administrator.

In the event of an actual or alleged breach of these terms of reference:
  a) by any member, the Chair may recommend to the Administrator the removal of the member;
  b) by the Oversight Committee (acting on a vote of members), the Administrator may sanction such members as it may determine with an initial warning or remove or suspend their membership of the Oversight Committee.\textsuperscript{17}

10. Notifications

In the event that the Oversight Committee, having regard to the proper exercise of its oversight function and the importance of ensuring the effectiveness of governance arrangements for the relevant benchmark, knows or has a reasonable suspicion of:

  a. misconduct by the Administrator; or
  b. any anomalous or suspicious input data being used in the calculation of the benchmark,

The Oversight Committee must report that suspicion to the competent authority as soon as practicable.\textsuperscript{18} The Chair shall perform this direction from the Oversight Committee and shall ensure that the Board of the Administrator is informed.

11. Conflicts of Interest

Members must immediately declare any conflicts of interest (particularly at the level of the benchmark) to the Chair and the conflicted member may voluntarily leave any meeting or abstain from voting before the agenda item giving rise to the conflict will be considered.\textsuperscript{19} The Chair may require the conflicted member to be temporarily removed from voting or ask the member to leave the meeting whilst the item is being considered. In the event that the Chair declares a conflict of interest, the remaining non-conflicted members shall vote (by simple majority) on whether the Chair must abstain from voting or leave the meeting whilst the item is being discussed. The Chair may recommend to the Board to revoke Oversight Committee membership if the conflict persists or has an impact on a member executing their responsibilities. Persisting conflicts of interest will be made public.\textsuperscript{20} The disclosure of all conflicts of interest and actions taken (including the temporary exclusion of any member) shall be recorded in the minutes of the meeting, and may be made public.\textsuperscript{21}

\textsuperscript{17} Article 3(1)(l) Commission Delegated Regulation (EU) 2018/1637
\textsuperscript{18} Article 3(1)(m) Commission Delegated Regulation (EU) 2018/1637
\textsuperscript{19} Article 3(1)(h), (i) Commission Delegated Regulation (EU) 2018/1637
\textsuperscript{20} Annex 1(3)(a) BMR
\textsuperscript{21} Article 3(1)(h) Commission Delegated Regulation (EU) 2018/1637
In the foregoing paragraph, “conflict of interest” means:

a. any personal financial interest (other than by virtue of being a shareholder in CME Group); or
b. any potential conflict of interest arising from any other employment or cross-directorship position;

in each case, in relation to a matter to be discussed by the Oversight Committee.

12. Confidentiality

Without prejudice to any disclosures made to a competent authority in the course of exercising its oversight function, all discussions, materials, information (whether provided in oral, physical or electronic form and including any discussions or recommendations made to a competent authority) (“confidential information”) which is directly or indirectly received, produced or discussed by the Oversight Committee should be considered sensitive and confidential by the Oversight Committee.\(^22\)

Information which would otherwise fall within the definition of confidential information will not be considered confidential information if it is or subsequently becomes part of the public domain, other than as a result of disclosure or any other act or failure to act by the Oversight Committee or by any member (for example, information which is subsequently announced to the market by the Administrator in the normal course of its business).

At all times, Oversight Committee members must have regard to their obligations of confidentiality set out in the terms of their appointment.

Confidential information may be disclosed by the Oversight Committee if such disclosure is necessary to comply with any applicable law, rule or regulation, or by the order of a court of competent jurisdiction or any government or regulatory body (including a competent authority).

Confidential information may also be disclosed to any professional advisors (if applicable) of the Administrator, who should be informed of the confidential nature of the information and agree not to disclose such confidential information without the consent of the Administrator, or otherwise as required by law or regulation.

13. Disputes

Members of the Oversight Committee are encouraged to scrutinise the actions of the Administrator and the management body of the Administrator.

Any parties to a dispute within the Oversight Committee (the “disputing members”) shall use all reasonable endeavours to resolve the dispute through constructive discussion of the issues.\(^23\)

If it is not possible to resolve a dispute through constructive discussion within 5 business days, the Chair may refer the matter to a final vote of the Oversight Committee (provided that the disputing members shall not be entitled to vote or count in the quorum for the purposes of the vote).

If it is not possible to resolve a dispute by a final vote of the Oversight Committee, the Chair should inform the Administrator of the nature of the dispute, the reasons that it could not be resolved within the Oversight Committee and any suggestions for further action.

\(^22\) Article 3(1)(n) Commission Delegated Regulation (EU) 2018/1637

\(^23\) Article 3(1)(k) Commission Delegated Regulation (EU) 2018/1637
14. Reporting

The proceedings and resolutions of the Oversight Committee, including the names of those present and in attendance, shall be minuted.\textsuperscript{24} The Administrator shall procure that draft minutes of each meeting are circulated promptly to all members.

\textsuperscript{24} Article 3(1)(a) Commission Delegated Regulation (EU) 2018/1637