

SELECTION, RENEWAL AND REPLACEMENT OF OVERSIGHT COMMITTEE MEMBERS

1. Introduction

ICE Benchmark Administration Limited (IBA) is the benchmark administrator for four systemically important benchmarks:

ICE LIBOR - the world's most widely used benchmark for short term bank borrowing rates

ICE Swap Rate - the global interest rate swap benchmark for swap rates and spreads

LBMA Gold Price – the principal global benchmark for daily spot gold prices

LBMA Silver Price – the principal global benchmark for daily spot silver prices.

IBA has the following Oversight Committees:

- LIBOR Oversight Committee
- ICE Swap Rate Oversight Committee, and
- Precious Metals Oversight Committee, in respect of the LBMA Gold Price and the LBMA Silver Price.

Key responsibilities of the Oversight Committees include the following:

- Reviewing the definition and methodology of the relevant benchmark(s)
- Overseeing any changes to the benchmark methodology
- Overseeing IBA's control framework insofar as it affects the relevant benchmark(s), and
- Overseeing IBA's adherence to its Published Methodologies.

Since the Oversight Committees play such an important role, it is crucial that appointments to the committees are subject to rigorous criteria; an overview of these is set out below.

2. Selection of Oversight Committee members

The Board of IBA has appointed a Nominating & Corporate Governance Committee (N&CG Committee) to assist in identifying and selecting highly qualified and experienced individuals to serve as members of the Oversight Committees.

The N&CG Committee's terms of reference include monitoring, assessing and safeguarding the balanced representation of relevant stakeholders on each Oversight Committee. In doing so, the Committee must develop and maintain relevant standards to be applied when determining whether any material relationships between IBA and the respective Director or Oversight Committee member exists.

The N&CG Committee is required to review and assess the skill sets necessary to serve on the Oversight Committees, including the satisfaction financial and market expertise, appropriate diversity, subject matter knowledge and geographic representation, where appropriate.

Candidates for selection are then invited to meet members of the N&CG Committee to discuss appointment to an Oversight Committee. The next step in the selection process is consideration by the Board of the proposed appointment and, if appropriate, approval of the appointment.

3. Criteria for selection of individuals

In outline, the criteria for selection of Oversight Committee members are designed to:

- Ensure that the Oversight Committees have wide representation to encompass a broad range of perspectives
- Ensure that a proportionate number of members represent relevant stakeholders in the respective benchmark or industry
- Ensure the appointment of individuals who have the ability to contribute to the effective oversight of the relevant benchmark and fulfil the respective Oversight Committee's terms of reference.

Individuals serve on the Oversight committees in their own right and not as representatives of their employer organisations. It is therefore important that the individuals:

- Have a depth of knowledge and expertise to bring to the committees' deliberations
- Have roles for which benchmarks are relevant but who are not faced with any conflict of interest that cannot be readily managed
- Are committed to acting in the interests of the benchmark
- Are willing and able to attend meetings regularly and, having reviewed the documentation circulated for meetings, to participate actively in discussions
- Are able to provide constructive challenge
- Are both attentive to detail and able to bring a broad industry perspective
- Are respected as individuals in their area of specialism
- Appreciate the importance of the benchmark and its accuracy, integrity and relevance
- Have a broad understanding of the regulatory environment in which IBA operates

- Agree to comply with IBA's relevant policies, including those on the confidentiality of information and the conduct of business.

4. Renewal and replacement of Committee Members

Oversight Committee members are required to execute a letter of appointment in order to attend Oversight Committee meetings. The letter of appointment includes the term of membership on the relevant Oversight Committee. IBA's standard term of membership is a period of six months from date of the letter which is automatically extended at its expiry by a further period unless IBA first notifies the member of its decision not to extend the member's term.

It should be noted that IBA reserves the right to terminate one's appointment with reasonable notice. Additionally, IBA reserves the right to terminate a membership without notice where to do so is necessary to enable the Oversight Committee to fulfil its terms of reference.

In order to preserve continuity of membership while bringing new views to the Oversight Committee with new members, IBA conducts an annual review of membership for each Oversight Committee.
