

**COMMITTEE ROLE, PROCEDURES AND TERMS OF REFERENCE****1. Introduction**

The role of the U.S. Treasury Closing Prices Oversight Committee of ICE Benchmark Administration Limited (IBA) is to:

- Assess, and where appropriate challenge, the decisions of IBA with regards to the administration of the Tradeweb ICE U.S. Treasury Closing Prices;
- Address to the IBA Board all recommendations of the committee on administration and oversight of the Benchmark; and
- Record in its meeting minutes if the committee becomes aware that the IBA Board has acted or intends to act contrary to any recommendations resulting from a decision of the committee.

**2. Background**

The Tradeweb ICE U.S. Treasury Closing Prices have been designed to represent the market mid-prices for U.S. Treasury Securities at specified times on days when the U.S. Treasury Securities market is open for trading in the United States.

Each Tradeweb ICE Treasury Closing Price for a US Treasury Security is calculated in accordance with the [Calculation Methodology](#) based upon:

*On-the-run U.S. Treasury Notes and Bonds:*

1. Firm executable quotes on the Dealerweb Treasury Platform, which supports dealer-to-dealer (D2D) trading of on-the-run U.S. Treasury notes and bonds; and
2. Bid and offer quotes for the relevant U.S. Treasury Security from dealers on the Tradeweb Institutional Platform, subject to certain special cases specified in the Methodology. The quotes are attributable to specific dealers and are executable by the receiving institutional client, subject to the dealer accepting the trade.

*Other U.S. Treasury securities, including Bills, TIPS and STRIPS:*

Bid and offer quotes for the relevant U.S. Treasury Security from dealers on the Tradeweb Institutional Platform, subject to certain special cases specified in the Methodology.

The Tradeweb ICE U.S. Treasury Closing Prices are administered by IBA, which has outsourced the calculation, publication and licensing to Tradeweb Markets LLC (Tradeweb).

### 3. Regulatory requirements

The general requirements in Title II of the UK Benchmarks Regulation (BMR) apply to the Tradeweb ICE U.S. Treasury Closing Prices.

In addition to the main BMR text, binding EU technical standards (BTS) contain detailed rules for implementing the BMR regulatory framework.

The binding technical standards for the oversight requirements are referred to in Article 5 of the BMR. This Article is part of the general requirements in Title II of the BMR and therefore apply to the Benchmark.

### 4. Membership and attendance

#### 4.1 *Committee composition*

The composition of the Committee is set by IBA's Board on the recommendation of IBA's Nominating and Corporate Governance Committee (N&CGC).

The composition of the Committee is currently set in accordance with paragraph 2(b) of the Annex to the BMR's oversight Binding EU Technical Standards (BTS). Paragraph 2 states that:

"2. Where the administrator is not wholly owned or controlled by contributors to the benchmark or supervised entities that use it and no other conflicts of interest exist at the level of the oversight function, an oversight committee shall include:

- (a) at least two persons involved in the provision of the relevant benchmarks in a non-voting capacity;
- (b) at least two members of staff representing other parts of the organisation of the administrator that are not directly involved in the provision of the relevant benchmarks or any related activities; or
- (c) where such appropriate staff members are not available, at least two independent members".

The composition of the Committee is currently two members of IBA staff not directly involved in the provision of the benchmark or any related activities and two members of Tradeweb staff.

The establishment of the Committee will be adapted over time to follow paragraph 1 of the BTS Annex, which states that:

"1. An independent oversight committee consisting of a balanced representation of stakeholders including supervised entities that use the benchmark, contributors to the benchmarks and other external stakeholders such as market infrastructure operators and other input data sources, as well as independent members and staff of the administrator that are not directly involved in the provision of the relevant benchmarks or any related activities".

The N&CGC uses the criteria published on IBA's website<sup>1</sup> to select committee members, including evaluation of potential committee members' expertise and skills. The N&CGC also considers whether candidates can meet the time commitments required, taking into account any role they have in other oversight function(s).

On the recommendation of the N&CGC, the IBA Board appoints a chair of the Committee and may from time to time appoint an alternate or deputy chair of the committee.

The oversight requirements in Article 5 of the BMR apply to the Benchmark together with the binding EU technical standards (BTS).

The composition of the Committee does not include any IBA Board members.

The right is reserved to the N&CGC to remove a committee member at its discretion where that committee deems such action to be in the overall interests of the determinations process.

#### 4.2 *Terms of office of committee members*

The N&CGC decides the terms of office of committee members, taking into account the need to ensure appropriate continuity in membership over time. Generally, a committee member can serve for a maximum of nine consecutive years unless the IBA Board specifically approves an extended period of service for a committee member.

A committee member who does not attend three consecutive scheduled full meetings of the committee may be asked by IBA to resign from the committee. Any such decision shall be taken by the N&CGC.

#### 4.3 *Alternates*

An alternate may attend occasional meetings on behalf a committee member, subject to prior agreement of the chair before each such meeting. Committee members should not delegate routine attendance to an alternate.

#### 4.4 *Sub-committees*

The Committee may appoint sub-committees with such powers as the committee may from time to time confer within the scope of the committee's Terms of Reference.

The chair or committee shall determine the terms of reference of any sub-committee.

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<sup>1</sup> [https://www.theice.com/publicdocs/IBA\\_Selection\\_of\\_Committee\\_Members.pdf](https://www.theice.com/publicdocs/IBA_Selection_of_Committee_Members.pdf)

## 5. Confidentiality

The letters of appointment for members of the Committee require adherence to strict confidentiality provisions.

Committee members are required to keep all materials provided to, discussions of and decisions of the committee confidential and shall not share them with any third party, including their employer or client, unless agreed in writing by the chair or IBA.

## 6. Conflicts of interest

As stated above, the establishment of the Committee will be adapted after some months to follow paragraph 1 of the BTS Annex. In signing their Letters of Appointment to the committee members confirm that they will:

- Promptly declare to the committee chair or an IBA director any other appointments or arrangements that conflict or may conflict with being a committee member; and
- Comply with IBA's policy on conflicts of interest.

Committee members must declare any private or professional interests that may result in a potential or actual conflict as soon as the conflict or potential conflict arises.

At the start of each committee meeting, the chair will ask those present (in person or by call) to declare any conflict arising from the agenda. In the event of a conflict of interest during a committee meeting, the committee member must declare the conflict immediately and excuse themselves from participating in the discussion of or decision making relating to such item(s). The committee member should confirm the conflict in writing to the chair as soon as possible after the meeting.

Where the chair believes that a committee member has a conflict that cannot be managed or adequately mitigated, the chair may ask a committee member to recuse him/herself from the meeting and, if the conflict is likely to persist, the chair will refer this to the N&CGC to consider whether the committee member should resign.

Committee members' declaration of conflicts of interest are published on IBA's website.

## 7. Meeting protocols

### 7.1 *Terms of Reference*

The authority of the committee is set out in the Terms of Reference herein.

### 7.2 *Meeting frequency*

The Committee usually meets four times each year. Further meetings occur, or actions are taken in writing, when deemed necessary or desirable by the Committee or its chair.

Meetings are scheduled by IBA in the autumn for the forthcoming year. No less than two weeks' notice will generally be given of a proposed change in the date or time of the meeting.

Exceptionally, a meeting may be required as a matter of urgency without the requisite notice being given. Members of the committee may participate in Committee meetings in person or by telephone / video conference.

### **7.3**     *Meeting preparation*

In conjunction with the chair, IBA establishes the agenda for each committee meeting.

Papers are generally circulated to committee members at least a week before the meeting unless a genuinely urgent matter arises; the determination as to whether a matter is genuinely urgent shall rest with the chair, after consultation with IBA if appropriate.

IBA provides the committee with documentation and data relevant to the Committee's terms of reference.

IBA will respond positively to additional information requests from the committee provided that these are consistent with the Committee's responsibilities and would not breach confidentiality obligations that IBA owes.

In providing documentation and data to the committee, IBA gives due consideration to expected timings for each item. IBA seeks, in conjunction with the chair of the Committee, to allocate sufficient time for discussion of topics.

### **7.4**     *Meeting quorum*

The quorum is three committee members.

Whilst the Committee is established in accordance with paragraph 2(b) of the BTS Annex, three Committee members or agreed alternates must be present (in person or by telephone) in order for a meeting to be quorate, including the committee member representing Tradeweb.

When the Committee becomes established pursuant to paragraph 1 of the BTS Annex, a quorum shall be present when a meeting includes representation from at least:

- One supervised entity that uses the benchmark, one market infrastructure operator or one input data source; and
- One independent member of the Committee.

If a quorum is not present at the scheduled commencement time of a meeting of the Committee, the meeting shall be adjourned for 15 minutes or such other time as the chair may deem appropriate in the circumstances.

If the quorum is not present following the adjournment, the committee members present may discuss matters but shall not move forward to any binding vote at the meeting. IBA may subsequently email all Committee members with a request to vote electronically.

#### 7.5 *Conduct of meetings and decision-making*

For the sake of efficiency of meetings, committee members are expected to have read the meeting materials and to be prepared for the committee discussion with, at most, the key points or questions requiring to be highlighted by the chair or IBA at the meeting.

Should there be a Committee vote on any matter, each committee member shall have one vote and decisions of the Committee shall be made by a simple majority. Should the numbers of votes cast for and against be equal, the chair of the Committee may exercise a deciding vote.

Where the chair determines that a committee member has an actual or potential material conflict of interest on a particular matter, that committee member shall not be allowed to vote on that matter.

If the chair of the meeting has agreed that an alternate may attend, the alternate may vote in place of the appointed member.

#### 7.6 *Minutes*

Within one week of a meeting of the Committee, IBA draws up a list of actions from the meeting and shares this with the Committee chair.

IBA aims to send draft minutes to committee members within 8 working days after the meeting, requesting comments within one week. IBA addresses any comments received, in consultation with the meeting chair as appropriate. Minutes of committee meetings are then shared with the FCA.

The minutes are submitted to the committee for formal approval at its next meeting.

IBA circulates minutes of committee meetings to the Board of IBA.

Public (redacted or summary) minutes are published by IBA. The approval process is the same as for the full minutes. Note: to be implemented when the full Oversight Committee is in place.

#### 7.7 *Resources*

The Committee has no budgetary authority.

However, if the Committee sees a need for additional resources (for example, for special counsel or other experts or consultants) to discharge its duties and responsibilities, the chair shall refer the request to the President of IBA or to the IBA Board as appropriate.

#### 7.8 *Contact points*

The chair of the Committee is responsible for its overall direction and coordination.

The chair is also the Committee's contact point for IBA, the IBA Board and the FCA.

The chair attends regularly at IBA Board meetings to provide an overview of the committee's work.

**8. Disputes**

The chair of the Committee is expected to seek to achieve a consensus of views amongst committee members.

Where this is not possible and a dispute cannot be resolved through discussion, the chair should take a formal vote on the matter in question. The chair may exercise a deciding vote.

The chair will seek to discuss a dispute with the management and chair of IBA. The chair will also inform the FCA of the matter as appropriate.

**9. Review of the workings of the committee**

When the Committee is adapted to follow paragraph 1 of the BTS Annex, and unless agreed otherwise by the Board, the chair of the Committee undertakes an annual review of the workings of the Committee. IBA may arrange a review in a different manner, for example using external consultants.

The findings of the review are reported to the Committee.

The findings are subsequently reported to the N&CGC together with an assessment as to whether there is appropriate representation, expertise and experience among the Committee membership.

**TERMS OF REFERENCE**

The Terms of Reference of the US Treasury Closing Prices Oversight Committee are:

1. Reviewing the definition, methodology and setting of Tradeweb ICE U.S. Treasury Closing Prices (the Benchmark) at least annually;
2. In conducting reviews in accordance with Term 1, assessing the underlying market and the usage of the Benchmark;
3. Overseeing any changes to the Benchmark's methodology and requesting IBA to consult on proposed changes;
4. Overseeing IBA's control framework insofar as it affects the Benchmark and the management and operation of the Benchmark;
5. Overseeing adherence to the published Methodologies for the Benchmark;
6. Overseeing Tradeweb's involvement in the provision of the Benchmark as calculation, publication and licensing agent;
7. Assessing internal and external audits or reviews insofar as they affect the Benchmark and monitoring the implementation of identified remedial actions;
8. Reviewing and approving procedures for the withdrawal of any tenors or the Benchmark should such withdrawal have been appropriately decided upon and approved in accordance with applicable laws and regulation;
9. Considering existing or potential conflicts of interest and establishing whether they are material;
10. Periodically reporting to IBA's board of directors on its activities;
11. Notifying the FCA of any suspected misconduct by IBA and of any anomalous or suspicious input data to the Benchmark; and
12. Keeping these Terms of Reference of the Committee under regular review.

Tradeweb Markets LLC is entitled to have a representative serve as a member of the Oversight Committee, who shall not be entitled to act as chair of the Oversight Committee.

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