

COMMITTEE ROLE, PROCEDURES AND TERMS OF REFERENCE

1. Introduction

The role of the ICE RFR Indexes Oversight Committee (RFROC) of ICE Benchmark Administration Limited (IBA) is to:

- Review the definition and methodology of the ICE RFR Indexes (the Indexes);
- 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 Indexes are based on SOFR, SONIA, €STR and TONA, providing daily values that represent accrued compound interest, relative to the first day value of 100.

Developed to help address the key operational considerations of lenders and borrowers of RFR-based loans, the index values are designed to provide a simple method for calculating compound interest between any two index dates, allowing parties to agree transparently on interest accruals.

3. Regulatory requirements

IBA is authorised and regulated by the Financial Conduct Authority (FCA).

The general requirements in Title II of the UK Benchmarks Regulation (BMR) apply to the Indexes.

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

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 three members of IBA staff, of which at least two represent other parts of IBA that are not directly involved in the provision of the benchmark or any related activities.

The N&CGC uses the criteria published on IBA's website¹ 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).

¹ https://www.theice.com/publicdocs/IBA_Selection_of_Committee_Members.pdf

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 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.

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.

5. **Confidentiality**

Letters of appointment for members of the Committee are not required as the Committee is composed of IBA staff.

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 unless agreed in writing by the chair or IBA.

6. **Conflicts of interest**

There are no Conflicts of Interest disclosure requirements for the Committee as all Members are IBA staff and IBA is not in a position to amend or change the underlying methodology.

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

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.

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 two committee members.

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.

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.

A written overview of the committee's work is regularly provided at IBA Board meetings.

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

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 ICE RFR Indexes Oversight Function are, where relevant:

1. Reviewing the definition, methodology and setting of the ICE RFR Indexes (the Indexes) at least annually;
2. Overseeing IBA's adherence to the published Methodologies for the Indexes;
3. Assessing any audits or reviews insofar as they affect the Indexes and monitoring the implementation of any remedial actions;
4. Reviewing and approving procedures for the withdrawal of any of the Indexes should such withdrawal have been appropriately decided upon by IBA;
5. Keeping these Terms of Reference under regular review.

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