

## **POLICY BENCHMARK 2019-01**

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## PREFACE

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### PURPOSE

The purpose of this Charter is to define the role and responsibilities of the Benchmark Oversight Committee.

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### WHAT'S NEW?

The following lists only the most recent modifications made to this revision/version.

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## CONTENTS

<b>I. INTRODUCTION</b>	<b>4</b>
<b>II. ORGANISATION AND FUNCTIONING OF THE OVERSIGHT COMMITTEE</b>	<b>5</b>
<b>III. RESPONSIBILITIES OF THE COMMITTEE</b>	<b>7</b>
<b>IV. CONFLICTS OF INTEREST</b>	<b>9</b>
<b>V. TRANSPARENCY</b>	<b>10</b>

## INTRODUCTION

The purpose of this Charter is to define the role and responsibilities of the Oversight Committee (the “Committee” or the “Oversight Committee”), which is established pursuant to Article 5 of Regulation (EU) 2016/1011 on indices used as benchmarks (the “Regulation”).

The Euronext group ("Euronext") owns and operates via its subsidiaries Euronext Amsterdam N.V, Euronext Brussels S.A/NV, Euronext Lisbon – SGMR, S.A, Euronext Paris S.A and Euronext Dublin (collectively the “Benchmark Administrators” and individually the "Benchmark Administrator") a leading benchmark and strategy index franchise that measures different segments of the Euronext and other global markets, including the AEX®, BEL 20®, CAC 40®, ISEQ® and PSI 20® indices. Euronext has a long-standing major interest in the management of benchmarks and indices and a significant experience in index oversight.

The Euronext Benchmark Administration is organised as follows:

Internal teams are in charge of the calculation and publication of indices, and the preparation and support of decisions made by the Independent Supervisors (also known as the Steering Committee). The index operation team maintains and supports the indices across the group according to published rules for each index family. The index design team is in charge of index management and development of index services and support of the Independent Supervisors.

The Independent Supervisors of Euronext indices are responsible for the main significant indices and in particular approve changes relating to the constituent methodology of the index. The Independent Supervisors consist of independent experts who function according to rules of procedure determined by Euronext and published on the Euronext NV website.

A dedicated oversight function, the Committee, is responsible for all oversight missions as described in the Regulation and will be supported by the expertise of existing administrator and support functions.

This Charter lays down the rules applicable to the index governance and oversight of the operational business by the Benchmark Administrators. The Charter was adopted on 25 March 2019.

The Charter has been drafted on the assumption that no Euronext Index is a critical index (as defined by the Regulation). Should one of the Benchmark Administrators become an administrator of a critical benchmark, these rules shall be revised to comply with the requirements in respect of critical benchmarks.

The Committee is competent for significant benchmarks and will also carry out oversight missions related to non-significant benchmarks, including escalation of the outcomes of reviews, audits, investigations resulting in breaches and complaints for Euronext non-significant benchmarks.

The Charter may be amended from time to time to ensure that, inter alia, it remains compliant with current regulation and legislation.

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## ORGANISATION AND FUNCTIONING OF THE OVERSIGHT COMMITTEE

The organisation of the Committee is consistent with the requirements of the Delegated Regulation (EU) no. 2018/1637 of 13 July 2018 supplementing article 3 of Regulation (EU) 2016/1011 of the European Parliament and of the Council with regard to regulatory technical standards for the procedures and characteristics of the oversight function (the “RTS”).

1. The Oversight Committee is appointed by the Managing Board of Euronext N.V.
2. The Oversight Committee is composed of four persons: the Head of Risk and Compliance, and three other members preferably belonging to Euronext’s 1-Regulation, 2-Compliance, and 3-Finance functions.

Members of the Management Board of Euronext NV shall not be members of the Oversight Committee. The four members are experts in their respective fields, with a recognised standing and experience in the financial markets and with sufficient seniority within Euronext.

3. The Managing Board of Euronext N.V. also appoints deputy members with an equivalent level of expertise in the respective fields (Risk and Compliance, Finance and Regulation) and/or an equivalent level of responsibility. No deputy member shall be involved in the provision of benchmarks. The deputy member will attend the meetings of the Oversight Committee whenever a member cannot attend or shall recuse. This will be recorded in the minutes of committee.
4. Members of the Committee are required to maintain strict compliance with all Euronext compliance policies.
5. The Head of Risk and Compliance is the chairman of the Committee.
6. The Managing Board may expand the composition of the Committee upon the reasonable request of the chairman of the Committee. The Managing Board may also revoke an individual’s membership of the Committee for the following reasons:
  - i. The competent authorities request the person’s removal,
  - ii. The person’s function within the group has changed and no longer complies with the description in section 2 above,
  - iii. The person ceases to be an Euronext employee,
  - iv. The person is not in a condition to discharge his or her duties (long-standing illness), or
  - v. The person does not attend the meetings of the Committee regularly.
7. If a person’s membership of the Committee is revoked or he or she ceases to be a member, another member shall be appointed by the Managing Board of Euronext N.V.
8. The chairman and the other members are appointed for a three-year period, which can be renewed at the discretion of the Managing Board.
9. The Oversight Committee reports to the Euronext Audit Committee (AC). The chairman of the Committee submits regular reports to the AC twice a year, with a review of the frequency after 12 months. The Committee escalates any material breaches of the regulation within 5 working days of discovery (or earlier if the breach is made public in less than 5 days).
10. Each member will submit to the Chairman of the Committee a declaration of interest in order to mitigate potential conflicts of interest. The declaration shall be updated by members as needed and at a minimum once a year.

11. The names of the members of the Committee and their declarations of interest shall be published on the Euronext website.
12. The Oversight Committee shall meet at least twice a year and whenever one or more of its members request a meeting.
13. At least three members or deputy members are required to be present for the meeting to be quorate.
14. Meetings may be conducted over the telephone or via video conference facilities provided all members can hear each other simultaneously. Where practicable, notices, memos and/or agenda will be made available a few days before the meeting.
15. Each member of the Committee has one vote. Decisions are taken by simple majority of votes of the members present. The chairman of the Committee has a casting vote in the case that there is no majority at the first voting session. [Abstentions shall be considered as votes not cast].
16. The votes (in favour, against or abstention) and the results of votes shall be recorded in the minutes of meetings as well as any recusal with the reasons behind.
17. The Committee may require from the management body of a Benchmark Administrator any document, procedure or evidence to ensure that the responsibilities described in section 3 of the Charter are appropriately carried out. Such management body shall promptly provide the requested documentation, procedures or evidence and shall not circumvent such request. The need-to-know principle as set out in the Euronext confidential and insider information policy shall apply to the relationship between the management body and the Committee.
18. The Committee can appoint one of its members as the contact point for the management body of any Benchmark Administrator.
19. The Committee can appoint one of its members as the contact point for the competent authorities.
20. The chairman shall, at the beginning of each session, request members to declare any conflicts of interest that might arise linked to the agenda of the meeting. The request and the responses of attendees shall be recorded in the minutes of the meeting.
21. The Committee may invite other persons to attend meetings of the Committee. Such persons may be either guests (ad hoc) or observers (permanent) to provide expertise on specific topics. No such persons shall have voting rights. Their presence and the reasons for their presence shall be recorded in the minutes.
22. An observer is any person with such skills and expertise that he or she will be beneficial for the discussions and topics handled by the Committee.
23. Any member, deputy, observer or guest who reports a conflict with a specific item on the agenda or that occurs during the meeting shall exclude himself or be excluded from the discussion and decision-making for this item and this shall be reported in the minutes of the meeting.
24. The Committee shall be supported by a permanent secretary who will, among other things, convene the meetings, prepare the minutes, log all breaches, conflicts and claims received by the Committee and ensure that the information to be published according to the Regulation is available on the Euronext NV website. The permanent secretary shall have no voting rights.

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## RESPONSIBILITIES OF THE COMMITTEE

The Committee shall assess and, where appropriate, challenge, the decisions of the management body of the relevant Benchmark Administrator with regards to the provision of benchmarks to ensure the fulfilment of the requirements of the Regulation. Without prejudice to point (i) of Article 5(3) of the Regulation, the Committee shall address all recommendations on benchmark oversight to the management body of the relevant Benchmark Administrator.

The responsibilities of the Committee are as follows:

1. Review the benchmark definitions and methodology at least annually;
  - a. Review significant benchmark activities and procedures with the Business Administrator's internal teams at least annually.
  - b. Review the Independent Supervisor activities.
  - c. Meet with the Independent Supervisors at least annually. Meetings can take place with one representative of the Committee.
2. Oversee any changes to the benchmark methodology and be able to request the Benchmark Administrator to consult on such changes:
  - a. Define material changes that will trigger a consultation.
  - b. Monitor the consultation process (sufficient consultation...)
  - c. Monitor the implementation process.
3. Oversee the Benchmark Administrator's control framework, the management and operation of the benchmark:
  - a. Assess the relevance of the Euronext control framework for the provision of benchmarks:
    - i. Periodic assessment with the Business Administrator's internal teams and Supervisors and recommendations to improve the management of an index,
    - ii. Contribute to the Internal Audit assessment,
    - iii. Monitor relevance and robustness of business continuity measures (BCP),
    - iv. Review risk register and permanent control (second line of defence).
4. Review the decisions of the management body of the administrator with the purpose of:
  - i. Assessing such decisions
  - ii. Challenging where appropriate
  - iii. Addressing, in writing, recommendations to the management body.
5. Review and approve procedures for cessation of the benchmark, including any consultation about a cessation.
6. Assess internal and external audits or reviews, and monitor the implementation of identified remedial actions.
7. Where the Committee becomes aware that the management body of a Benchmark Administrator has acted or intends to act contrary to any recommendations resulting from a decision of the Committee, it shall document this fact clearly and consider the relevant consequence.
8. Report to the relevant competent authorities any misconduct by a Benchmark Administrator of which the oversight function becomes aware.
9. Maintain complete documentation for at least five years of all aspects of the governance and decisions of the Committee in a manner that makes it accessible for future reference.

The missions described above will be fully implemented for significant benchmarks and will be adjusted to be proportionate to the importance (assets under management) for non-significant benchmarks.

For non-significant benchmarks under the Regulation, the Oversight Committee will operate in the same way as for significant benchmarks and accordingly review all non-significant benchmarks with any material change and/or with known AUM at a minimum each year.

In addition, for non-significant benchmarks of which the known AUM is zero (0), the Oversight Committee shall implement a risk-based approach to ensure that any problematic matters are addressed in a timely manner whilst allowing all such benchmarks to be reviewed periodically. The determination of the cycle of reviews for these benchmarks shall be agreed with the regulators concerned.

The Oversight Committee shall perform a surveillance of assets under management for all benchmarks. The Administrator shall calculate on a periodic basis with the assistance of an automated tool and inform the Oversight Committee on a basis to be confirmed basis of any change of a benchmark AUM, calculated on the average of assets under management over a period of six months, as well as of the decision subsequent to this change. In the case that the Oversight Committee disagrees, it will act according to item 3.4 stated above and inform the Competent Authority.

Notification of change of status of a benchmark to the Competent Authority will be performed by the Administrator.

## CONFLICTS OF INTEREST

1. The Committee shall propose to the Managing Board of Euronext NV a dedicated Conflicts of Interest Procedure (the “Procedure”) applicable to all persons within Euronext involved with the calculation and publication of indices. This Procedure will take into account the Euronext NV Code of Conducts and Ethics. The Committee will review the Procedure from time to time and update as necessary.
2. The Committee shall promote awareness and compliance with the Procedure by all parties involved.
3. The Procedure shall contain measures for the prevention, identification and management of conflicts of interest and their disclosure and monitoring, as appropriate.
4. The Procedure shall establish procedures to identify potential conflict-of-interest situations to which the Oversight Committee, the Administrator and the Supervisor and the other businesses of the Euronext Group may be party.
5. The Committee will be in charge of the management of the Procedure and will, if needed, liaise with Risk and Compliance to escalate in accordance with the Conflicts of Interest Procedure.

## **TRANSPARENCY**

The following information on the Oversight Committee will be publicly disclosed on the Euronext website:

1. The Charter of the Committee
2. The list of the members and deputy members of the Committee and their respective declarations of interest.

## ANNEX 1: INITIAL COMMITTEE MEMBERS 2019

<b>NAME</b>	<b>TITLE</b>	<b>LOCATION</b>	<b>ROLE ON ADMINISTRATION</b>
<b>Anne Giviskos</b>	Group Head of Risk & Compliance	Euronext Paris	Benchmark Oversight Committee (Chairman)
<b>Krijn Vos</b>	Group Head of Compliance Euronext	Euronext Amsterdam	Benchmark Oversight Committee
<b>Nick Weinreb</b>	Group Head of Regulation	Euronext London	Benchmark Oversight Committee
<b>Bernard Holsboer</b>	Group Finance Director	Euronext Amsterdam	Benchmark Oversight Committee

## ANNEX 2: DEFINITION

Index Operations (EMS-CA): Euronext Market Services – Corporate Actions. The Index Operations department is responsible for the daily operations of indices including rebalances, quality checks and the validation of all data related to indices.

Index Design: The Index Design department is responsible for the creation, development, review and interpretation of index methodologies.

Independent Supervisor: The Independent Supervisor (also known as the Steering Committee) is an external committee that is responsible for the majority of index families and in particular approves changes relating to the constituent methodology of indices.