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# TERMS OF REFERENCE OF THE CEEplus INDEX OVERSIGHT COMMITTEE

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<b>Terms of Reference of the CEEplus Index Oversight Committee, adopted by the Resolution of the Management Board of GPW Benchmark No 90/2020 of 3 December 2020</b>		
<b>Status:</b> public		
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Resolution	change	entry into force
35/2023 of 31.03.2023	Change in point 8.1	1.04.2022
69/2023 of 14.07.2023	Change in point 4.2	14.07.2023

## **RESPONSIBILITIES OF THE OVERSIGHT COMMITTEE**

### **1. Purpose of the Oversight Committee**

- 1.1. The CEEplus Oversight Committee (the Oversight Committee) is a committee established by the GPW Benchmark (Administrator) that exercises an oversight of all aspects of the provision of the CEEplus Index, including those concerning its governance and methodology.
- 1.2. The procedures and governance arrangements related to the composition, duties and functioning of the Oversight Committee are established in the present Terms of Reference.
- 1.3. These Terms of Reference are based on the EU Benchmarks Regulation Article 5 ('Oversight function requirements'), and related regulatory technical standards (RTS). They have been adjusted based on the complexity and use of the CEEplus Index.

### **2. Duties of the Oversight Committee and its members**

#### **General requirements**

- 2.1. The Oversight Committee shall ensure oversight of all aspects of the provision of the CEEplus index, including those concerning its governance and methodology.
- 2.2. The Oversight Committee shall promote the implementation of the Governance Framework, check compliance, monitor its effectiveness and propose changes.
- 2.3. The Oversight Committee shall monitor market developments.
- 2.4. To carry out duties, the Oversight Committee shall be supported by the Administrator's staff. The oversight function shall have direct access to the information pertinent to the proper performance of its duties and can dispose of all resources necessary to perform its tasks.
- 2.5. The Oversight Committee shall assess, and where appropriate challenge, the decisions of the Administrator with regards to the provision of benchmarks to ensure the fulfilment of the requirements of the EU Benchmarks Regulation.
- 2.6. Without prejudice of their reporting responsibilities defined in section 11 below, the Oversight Committee shall address all recommendations on benchmark oversight to the Administrator.
- 2.7. Where the Oversight Committee becomes aware that the Administrator has acted or intends to act contrary to any recommendations resulting from a decision of the CEEplus Index Oversight Committee, it shall record this fact clearly in the protocol of its next meeting. The protocol will be share with the Administrator.
- 2.8. The Oversight Committee shall review the benchmark's definition and methodology at least annually and make recommendations to the Administrator.
- 2.9. The Oversight Committee shall define what constitutes a material change of the benchmark, to oversee such changes and ensure that stakeholder consultation procedures concerning material changes of the benchmark are performed in accordance with the Administrator's Consultation Policy.
- 2.10. The Oversight Committee shall oversee, monitor and approve the implementation of proposed changes to the benchmark.
- 2.11. The Oversight Committee shall review and recommend fallback procedures and contingency arrangements in the event that the benchmark cannot be published, as well as any procedures for the cessation of the benchmark.

2.12. The Oversight Committee shall oversee the benchmark determination process and ensure it remains transparent.

2.13. The Oversight Committee shall oversee the administrator's control framework, management and operation of the benchmark.

2.14. The Oversight Committee shall assess GPW Benchmark's internal and external audits related to the CEEplus benchmark's governance and design, the integrity of its determination and its control framework and monitor the implementation of recommendations or remedial actions identified in those reviews.

2.15. The Oversight Committee shall address complaints regarding provision of CEEplus Index following the escalation procedure described in the Administrator's Complaints Policy.

## **COMPOSITION OF THE OVERSIGHT COMMITTEE**

### **3. Composition of the Oversight Committee**

3.1. The Oversight Committee is composed of:

3.1.1. one member representing each trading venue that contribute with input data to the CEEplus Index;

3.1.2. one member representing the staff of the Administrator.

3.2. The Committee may act when a minimum of five members is attained. If the Oversight Committee is composed of less than five members, the Administrator will make best efforts to propose without undue delay to the stakeholders mentioned in para. 3.1.1 the appointment or replacement of members to bring the composition of the Oversight Committee to five members.

3.3. Representatives of the Administrator's Management Board shall not be members of the Oversight Committee but may be invited to attend meetings by the Chairperson as observers.

3.4. The Chairperson of the Oversight Committee may permit one or more persons, including representatives of the Administrator's Management Board, other members of the Administrator's staff and service providers, to join meetings of the Committee as guests or observers on an ad hoc basis, to provide their expertise and technical input on specific topics. Guests or observers may be required to sign a declaration of interest and confidentiality agreements. Guest and observers shall not have voting capacities.

3.5. The Chairperson of the Oversight Committee will be responsible for its overall direction and coordination and for acting as the contact point for the Administrator and the competent authority for any issue related to the oversight function of the CEEplus Index.

3.6. The list of members of the Oversight Committee will be publicly available, together with notes on their biographies.

### **4. Suitability**

4.1. The Oversight Committee shall be composed of members that together have the skills and expertise appropriate to the oversight of the provision of CEEplus Index and to the responsibilities the oversight function is required to fulfil.

4.2. The candidate will demonstrate ability to fulfill the list of necessary and desirable skills should be met by the Oversight Committee member:

- An appropriate knowledge of the underlying market or economic reality the benchmark seeks to measure;
- Outstanding knowledge of the financial markets, in particular of the financial instruments using stock exchange benchmarks;
- At least 3 year professional experience on capital market;

- Outstanding knowledge of the functioning, composition, use, and technical aspects of financial indices used as benchmarks;
- Good knowledge of regulatory requirements for financial benchmarks, in particular the EU BMR and IOSCO Principles.

4.3. Oversight Committee members shall be able to devote sufficient time to perform their role.

4.4. Persons who have been subject to sanctions of administrative or criminal nature relating to financial services shall not be considered for Oversight Committee membership.

## **5. Appointment and Revocation Rules**

5.1. The Administrator asks each Trading Venue participating in the index to designate one candidate for the Oversight Committee.

5.2. The Administrator assesses all the candidates against the suitability criteria. After the assessment the Board appoint members or asks trading venue to designate another candidate.

5.3. Members of the Oversight Committee are appointed for a two year mandate, which can be renewed.

5.4. The Oversight Committee appoints a Chairperson among the members of the Committee.

5.5. The Administrator may revoke any members for the following reasons: a) The member was appointed as a representative of a trading venue and is no longer employed by such; b) The member notifies his/her decision to resign from the Oversight Committee; c) The member is incapable of performing the duties of his/her position in account of physical or mental incapacity; d) The member does not attend more than two consecutive meetings (either physical or by conference call).

5.6. If a member is revoked, or ceases to be a member for any other reason before the expiry of his/her mandate, another member may be appointed by the Administrator for a full term of 2 years.

5.7. Members short biographies describing their competences and experience shall be available on the Administrator's website.

## **6. Confidentiality**

6.1. Members of the Oversight Committee shall keep confidentiality regarding their duties discharged as members of the Oversight Committee.

## **7. Conflicts of interest**

7.1. Each of the Oversight Committee members should demonstrate high standards of integrity and ethics, and be free of any relationship that, in the opinion of the Administrator would interfere with their individual exercise of independent judgment.

7.2. The members of the Committee shall abstain from the personal investment activities related to the CEEplus Index that would result in the conflict of interest.

## **MEETINGS AND DECISIONS**

### **8. Meetings**

8.1. Meetings of the Oversight Committees are called by the Chairperson, at least three times a year, and are attended in person or by electronic means (e.g. teleconference and/or video conference).

8.2. The Secretariat to the Oversight Committee is provided by GPW Benchmark.

8.3. The minutes from the meetings is provided and shared with Administrator and Trading Venues.

8.4. The communique from the meeting is published on the Administrators website.

## **9. Decisions and votes**

9.1. The Oversight Committee cannot deliberate and execute its responsibilities, tasks, and rights unless half of its members are present.

9.2. Each member of the Oversight Committee has one vote. Decisions will be taken by a simple majority of votes of the members present at meetings. In case of a tie vote, the Chairperson has a casting vote.

9.3. Abstention votes are computed for the presence quorum but not for majority threshold.

9.4. If the presence quorum and/or the majority of the votes cannot be obtained at a first meeting, a second meeting may be convened at the request of at least two members of the Oversight Committee. This shall be organized within two weeks after the first meeting, so that a final decision may be taken.

9.5. Any member of the Oversight Committee who is prevented from attending the Oversight Committee meeting (physically or by conference call) may arrange to be represented by another Oversight Committee member, to whom he/she shall give a written proxy, by email. Each member of the Oversight Committee shall however not have more than one proxy. The number of votes in favour, against and abstentions shall be systematically recorded in the protocol of the meetings.

9.6. In exceptional circumstances, and whenever urgency and CEEplus Index interests so justify, the Oversight Committee may resolve by means of written resolution. For a written resolution to be valid, votes must be clearly expressed and decisions taken by a simple majority, unless specified otherwise in these Terms of Reference.

## **10. Reporting responsibilities**

10.1. The Oversight Committee shall report to the relevant competent authority any misconduct by Administrator, of which the Oversight Committee becomes aware, and any anomalous or suspicious data.