

Oversight Committee Terms of Reference

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1 The Benchmark(s) Oversight Committee Overview

The Danish Financial Benchmark Facility (**DFBF**) is the Benchmark Administrator of the Benchmarks¹. The Benchmarks Oversight Committee (**the Committee**) is an independent committee that has the primary governance oversight of the methodology, determination and dissemination of the Benchmarks. The Committee's purpose is to support the integrity, accuracy and reliability of the Benchmarks to the benefit of all users of the benchmarks and reliant market participants. The Committee is comprised of a blend of independent experts, representatives from panel banks and the DFBF. An invitation is extended to Danish Financial Supervisory Authority (Danish FSA) to attend committee meetings as an observer. Guests, such as representatives from market associations, stakeholder committees, market infrastructure providers and other users of the Benchmarks, may be invited to participate on a non-voting basis.

The Committee is embedded within the organisational structure of the DFBF but distinct from other governance functions of the DFBF. The Committee shall assess and challenge the decisions of the DFBF Board of Directors (the **Board**) with regards to the provision of the Benchmarks to ensure the requirements of regulation, including European Benchmark Regulation (**BMR**) are being met.

The DFBF has developed and maintains robust procedures regarding its oversight function, which it makes available to the Danish FSA.

- The Committee will be granted access to all DFBF documentation necessary to carry out its duties.

2 Responsibilities

With respect to the Benchmarks determination:

- Conducting regular reviews (at a minimum annually) of all aspects of the determination methodology and definition of the Benchmarks. In conducting these reviews, the Committee should consider the underlying market dynamics and the usage of the Benchmarks.
- Oversight of the Benchmarks Code of Conduct including overseeing the practice standards as detailed in the Benchmarks Code of Conduct and reviewing these regularly.
- Defining, reviewing and updating the operational processes and procedures by which Benchmarks Panel Banks contribute to the benchmarks.
- Adopting, reviewing and where required updating the Benchmarks Control Framework to ensure that the Benchmarks are determined and published in accordance with all relevant DFBF governance arrangements including the Benchmarks Code of Conduct and all applicable regulatory standards.
- Monitoring the input data and contributors and the actions of the DFBF as the administrator of the Benchmarks in challenging or validating contributions of input data.
- Monitoring panel banks' adherence to the Benchmarks Code of Conduct, including but not limited to the regularity and coverage of benchmark contributions.
- Taking effective measures in respect of any breaches of the Benchmarks Code of Conduct.
- Reporting to the Danish FSA any misconduct by contributors or the DFBF of which the Committee becomes aware, and any anomalous or suspicious input data.

¹ Cibur ®, Tomorrow/Next, CITA, SWAP

- Developing proposals for consultation of prospective material changes to the Benchmarks determination methodology or definition and have regard to any representations made in response to consultations undertaken.
- Reviewing and approving procedures for cessation of the Benchmarks, including any consultation about a cessation.
- Overseeing any third party involved in the provision of the Benchmarks, including calculation or dissemination agents.

With respect to the Benchmark(s) Contribution Panel

- Undertaking regular reviews of the composition of the Benchmarks contribution panel.
- Defining rules and procedures to join, remain or leave the Benchmarks contribution panel.
- The Committee may require an external audit of a contributor if dissatisfied with any aspects of its conduct.

With respect to the Benchmark Administrator

- Assessing and, where appropriate, challenging the decisions of the management body of DFBF with regard to benchmarks provision to ensure the fulfilment of the requirements of the BMR and addressing all recommendations on benchmark oversight to that management body.
- Considering existing or potential conflicts of interest where material.
- Taking measures to remain informed about material issues and risks relating to the setting of the Benchmarks.
- Overseeing the DFBF's adherence to the Benchmarks Code of Conduct, other governance arrangements and the published the Benchmarks methodologies, including calculation, re-fix and business continuity policies.
- Recommending as appropriate that external reviews of the Benchmarks be commissioned by the DFBF.
- Assessing internal and external audits or reviews and monitoring the implementation of identified remedial actions.
- Keeping the DFBF Oversight Committee Terms of Reference and the DFBF Oversight Committee Rules and Procedures under regular review.

3 Appointment of members to the Committee

The Board has the authority and responsibility to determine the membership of the Committee on an annual basis. Appointments to the Committee will be for an initial period of one year. The Board will nominate a candidate to act as the Committee's Chairperson and the Committee itself will ratify the nomination. If the Committee does not wish to ratify the Board nominated candidate, the Board will nominate an alternative candidate for the Committee's ratification. This process will continue until the Chairperson position has been confirmed by the Committee.

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

The selection criteria for membership of the Committee are as follows:

- Representatives from supervised entities that use the benchmarks should have a minimum of 3 years of experience as a user and a demonstrable understanding of how their organisation, and others, use the benchmark(s)
- Independent members must be of a Director or Firm Partner seniority and have a good understanding of both the BMR Regulation and the underlying markets the benchmark(s) provide a representative measure of
- Members must have prior Board or Senior Committee level experience
- The standing Oversight Committee will consider the requirement to add new members on to the committee and vote them on to the committee, via a recommendation to The Board

DFBF Secretariat will assist the Board in identifying suitable nominees for Committee membership, taking into consideration the criteria above and other matters such as the nominee's specialist skills, knowledge and expertise, independence and their availability to attend meetings. The Committee, as a whole, should have sufficient coverage of relevant subject matter including financial markets, legal, regulatory, risk and compliance and accounting. Committee representation from academia is also desirable.

In accordance with BMR the DFBF will ensure that members with conflicts of interest shall not hold a majority. The DFBF will also give due consideration to conflicts arising from relationships between potential members and other external stakeholders with a vested interest in the Benchmark(s) rates.

4 Committee Membership

The Committee will consist of a balanced representation of stakeholders including supervised entities that use the benchmark, contributors and other external stakeholders such as market associations, market infrastructure operators and other input data sources, as well as independent members and staff of the DFBF that are not directly involved in the provision of the Benchmarks or any related activities.

The Board will ensure that the Committee has a minimum of 6 and a maximum of 12 voting members. Ideally the Committee shall include:

- At least two independent members, preferably one from academia
- Representatives from supervised entities that use the Benchmarks
- Representatives from contributors to the Benchmarks where the maximum number of these representatives does not form a majority of Committee voting members.
- Representatives from external stakeholders such as market associations, market infrastructure operators and other input data sources in a non-voting capacity.
- At least one DFBF staff not part of the DFBF management body nor directly involved in the provision of the Benchmarks or any related activities.
- At least two DFBF staff, not part of the DFBF management body, who are involved in the provision of the Benchmarks in a non-voting capacity
- Members shall not include persons who have been convicted of financial services related offences.
- Details of the Committee membership will be made public on the DFBF website as will any declarations of any conflict of interest along with the processes for election and nomination of Committee members.
- Observers may be invited to attend meetings of the Committee by the Chairman. Observers must have signed a non-disclosure agreement prior to attending and also confirmed in writing any potential conflicts of interest they might have through their attendance. Observers will be asked to leave meetings when issues are being discussed where there is a potential conflict of interest.

5 Removal of members to the Committee

The Board may remove a person as a member of the Committee if, for any reason, it appears appropriate for the Board to do so, including without limitation for the following reasons:

- The Board or the Committee is asked by the Danish FSA to remove the person;
- The person was appointed to the Committee as a representative of an organisation which he or she is no longer employed by and the Board considers their involvement is no longer in the best interests of the Committee.
- The person has become physically or mentally incapable of acting as a Committee member.
- The person has served notice of his or her intention to retire from the Committee and the board considers their membership is no longer required.
- The person is repeatedly absent without the permission of the Chairperson of the Committee.

A person, as a member of the Committee, wishing to resign from the Committee is required to communicate their intention to resign by providing six-month notice in writing to the Chairperson of the Committee. The Chairperson, may at their discretion, accept a lesser notice period if requested by the resigning member where, in the Chairperson's opinion, a lesser notice period will have no negative impact upon the Committee's ability to fulfil its mandate.

6 Managing Conflicts of Interest within the Committee

To mitigate any potential conflicts of interest all Committee members appointed on a personal basis must be independent and must not be subject to instructions from the companies or organisations to which they belong. Accordingly, on an annual basis each member of the Committee must submit and sign a declaration of interest whereby members shall declare any relevant interests. Declared conflicts of interest will be made publicly available on the DFBB website.

Conflicts of interest which may arise within the Committee due to competing interests shall be managed using, where appropriate, the following non-exhaustive list of procedures:

- External Committee members should have their voting rights suspended for decisions that would have a direct business impact on the organisations they represent.
- Committee members are required to disclose conflicts ahead of the discussion of each agenda item during meetings of the Committee.
- Committee members should excuse themselves from specific discussions of agenda items which would cause them to become conflicted, either prior to the agenda item being discussed or during discussion should a conflict arise at that time. Details of any exclusion are to be recorded in the minutes of any relevant meeting and redact such minutes prior to publication.
- Committee members that are excused from discussion to avoid conflicts will have their voting rights removed for decisions relating to the specific agenda item.
- Persons already sitting on the oversight function of another benchmark administrator may not be a member of the Committee.

Where it is not possible to manage the conflicts of interest through the procedures listed above or by other means, the DFBB will revise the structure of the Committee and where appropriate, replace the conflicted members.

7 Administrative details

- The Committee shall meet at a minimum on a quarterly basis.
- Decisions of the Committee will be minuted and made public on the DFBF's website within 14 days of Committee meetings.
- Rules governing the operational functioning of the committee are detailed the accompanying document "the Benchmarks Oversight Committee Rules and Procedures"
- This document will be publicly available on the DFBF website.