



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

The purpose of the Index Oversight Committee ("IOC") is to review the integrity of benchmarks administered by Optimal Blue, LLC. ("Administrator"), by providing independent oversight of, and challenge to the Administrator on all aspects of the benchmark determination process.

The Administrator may administer more than one family of benchmarks and may have an IOC covering individual benchmarks or families of benchmarks. These Terms of Reference apply to each of those IOCs.

The IOC assists with the Administrator's compliance with the IOSCO Principles for Financial Benchmarks, as set out in its Final Report of July 2013 (<https://www.iosco.org/library/pubdocs/pdf/IOSCOPD415.pdf>).

## **2. Committee Membership**

IOC members may include benchmark users, market infrastructure providers, staff of the Administrator and other industry experts. Delegates from competent authorities may sit on the IOC as observers.

Members shall be elected, nominated, made inactive, removed and replaced in accordance with the following procedures:

- a. Nomination: The initial proposed members of the IOC, and any further proposed members, shall be nominated by the Administrator.
- b. Election: The IOC will vote on the election of any proposed new member that has been nominated by the Administrator. The proposed new member will be appointed if the IOC votes in favor by a simple majority. There will be no election for the initial members of the IOC.
- c. Resignation: Members may resign by giving reasonable written notice to the Administrator.
- d. Inactivity: Members of the IOC may have their membership suspended by the Administrator in the event of their inability to participate in the IOC for a period of time, such as where the member is on long-term leave (including but not limited to sickness or family leave). Such suspension may include an automatic reinstatement at the end of that period.
- e. Removal: Members of the IOC can be removed by the Administrator, as ratified by the vote of the remaining members of the IOC.



- f. Replacement: Where a member resigns or is removed, a replacement may be appointed, at the discretion of the Administrator, through the nomination and election process.

Nominations, votes, and ratification of new members can be done in writing or by way of an IOC meeting. All IOC members are required to sign an IOC Appointment Letter.

Each member will serve for a term of up to two years, which may be extended by the Administrator.

The intention of the Administrator in determining the composition of the IOC is that the members together shall have the skills and expertise appropriate to the oversight of the provision of the benchmark and to the responsibilities that the IOC is required to fulfill.

The members of the IOC, taken together as a whole:

- a. Shall have appropriate knowledge of the underlying market or economic reality that the benchmark seeks to measure (as set out in the benchmark methodology).
- b. Shall have relevant expertise and skills, in a function relevant to the determination of the benchmark such as market expertise, control and risk expertise, operational expertise, benchmark and regulation expertise, general financial market expertise, or legal and compliance expertise.
- c. Must confirm that they can meet the time commitments required; and
- d. Shall not include persons who have been subject to sanctions of administrative or criminal nature relating to financial services.

Persons that are directly involved in the provision of the benchmark may sit on the IOC but may only do so as observers or non-voting members.

Observers of the IOC shall be those who the Administrator determines have a relevant interest in the determination, oversight, or use of the benchmark.

Summary details of the IOC members may be disclosed and made public from time to time. Declarations of conflicts of interest of IOC members and any measures to mitigate them may be made public.

Committee Members will be serving on behalf of the Board of Managers at Optimal Blue, LLC.



### **3. Election of a Chairperson**

The Administrator may propose a person to occupy the position of the Chair of the IOC (the "Chair"). The remaining members of the IOC will vote on the election of the proposed Chair.

The Chair shall be entitled to participate in all matters voted on by the IOC, other than election of a new Chair.

### **4. Compliance with Laws**

The members shall agree to comply with all relevant laws and regulations related to market abuse and insider dealing with respect to benchmark related information and will consult with the Administrator if they are in any doubt as to the application of such laws or regulation.

### **5. Quorum and Voting**

The meeting will be quorate with at least 50% of the total number of members of that IOC present either on the phone or in person. On certain issues the Administrator may request a vote from members to determine the views of the Committee members. The results of any vote will not be binding on the Administrator.

Voting and decisions at meetings will be based on a simple majority of the voting members present. Where voting members are external (i.e., not employed by Optimal Blue) ("external members") such external members may not vote or count in the quorum in relation to a decision which would have a direct business impact on the organizations they represent.

### **6. Frequency of Meetings**

The IOC will meet regularly and, in any event, at least annually. Ad-hoc meetings can be called by the Administrator as matters arise.

### **7. Agenda and Minutes**

An agenda will be provided ahead of a scheduled meeting and minutes will be circulated post meetings.

### **8. Oversight Function**

The IOC is a function of the Administrator, separate from the management and other



governance bodies of the Administrator. The IOC shall address all recommendations on benchmark oversight to the management body of the Administrator.

The Administrator shall make available to the IOC all relevant documents necessary to carry out its oversight function.

Where the IOC becomes aware that the management body of the Administrator has acted or intends to act contrary to any recommendations or decisions of the IOC, it shall record that fact clearly in the minutes of its next meeting.

## 9. Scope of Responsibility

The IOC performs the following functions, consistent with the IOSCO Principles:

- a. Reviews the benchmark definition and the benchmark methodology at least annually.
- b. Oversees any changes that need to be made to the benchmark methodology and able to request the Administrator to consult on any changes with wider stakeholders.
- c. Oversees the Administrator's control framework, the management and operation of the benchmark.
- d. Oversees any third-party involvement in the benchmark determination process, including calculation or dissemination agents.
- e. Assesses internal and external audits or reviews and monitor the implementation of recommended actions.
- f. Oversees the benchmark conflicts of interest via a conflict register.
- g. Oversees any complaints related to the benchmark via the complaints register.
- h. Oversees delays or suspensions, errors and corrections, and uses of expert judgement in benchmark determination.
- i. Addresses recommendations on benchmark oversight to the management body of the Administrator.
- j. Reports to the competent authority of any anomalous or suspicious input data; and any other matters considered relevant to the oversight and integrity of the benchmark.
- k. Reviews and approve cessation plans, including any consultations on cessation of the benchmark.

The IOC has no authority to make specific benchmark content decisions, which are the responsibility of the Administrator.



In the event of an actual or alleged breach of these terms of reference:

- a. By any member, the IOC may recommend to the Administrator the removal of the member.
- b. By the IOC (acting on a vote of members), the Administrator may sanction such members as it may determine with an initial warning or remove or suspend their membership of the IOC.

## **10. Conflicts of Interest**

Members must immediately declare any conflicts of interest (particularly at the level of the benchmark) to the Administrator and the conflicted member may voluntarily leave any meeting or abstain from voting before the agenda item giving rise to the conflict will be considered. The IOC may require the conflicted member to be temporarily removed from voting or ask the member to leave the meeting whilst the item is being considered. The disclosure of all conflicts of interest and actions taken (including the temporary exclusion of any member) shall be recorded in the minutes of the meeting and may be made public.

In the foregoing paragraph, "conflict of interest" means:

- a. Any personal financial interest (other than by virtue of being a shareholder in Optimal Blue); (OR)
- b. Any potential conflict of interest arising from any other employment or cross-directorship position;

in each case, in relation to a matter to be discussed by the IOC.

## **11. Confidentiality**

Without prejudice to any disclosures made to a competent authority in the course of exercising its oversight function, all discussions, materials, information (whether provided in oral, physical or electronic form and including any discussions or recommendations made to a competent authority) ("confidential information") which is directly or indirectly received, produced or discussed by the IOC should be considered sensitive and confidential by the IOC.

Information which would otherwise fall within the definition of confidential information will not be considered confidential information if it is or subsequently becomes part of the public domain, other than as a result of disclosure or any other act or failure to act by the IOC or by any member (for example, information which is subsequently announced to the market by the Administrator in the normal course of its business).



At all times, IOC members must have regard to their obligations of confidentiality set out in the terms of their appointment.

Confidential information may be disclosed by the IOC if such disclosure is necessary to comply with any applicable law, rule, or regulation, or by the order of a court of competent jurisdiction or any government or regulatory body (including a competent authority).

Confidential information may also be disclosed to any professional advisors (if applicable) of the Administrator, who should be informed of the confidential nature of the information and agree not to disclose such confidential information without the consent of the Administrator, or otherwise as required by law or regulation.

## **12. Disputes**

Members of the IOC are encouraged to scrutinize the actions of the Administrator and the management body of the Administrator.

Any parties to a dispute within the IOC (the "disputing members") shall use all reasonable endeavors to resolve the dispute through constructive discussion of the issues.

If it is not possible to resolve a dispute through constructive discussion, the Administrator may refer the matter to a final vote of the IOC (provided that the disputing members shall not be entitled to vote or count in the quorum for the purposes of the vote).

## **13. Reporting**

The proceedings and resolutions of the IOC, including the names of those present and in attendance, shall be recorded in the meeting minutes. The Administrator shall procure that draft minutes of each meeting are circulated promptly to all members.