

Bloomberg Short-Term Bank Yield Index (BSBY)

Oversight Committee Terms of Reference

Version 1.2

May 2023

The Bloomberg Short-Term Bank Yield Index ("**BSBY**") is administered by Bloomberg Index Services Limited ("**BISL**"). The board of directors of BISL (the "**Board**") has established the BSBY oversight committee (the "**BSBY Oversight Committee**" or the "**Committee**") to serve as the oversight function for BSBY under the UK BMR¹.

BISL uses four primary committees, each formed by the Board, to provide overall governance and effective oversight of its benchmark administration activities, including the BSBY Oversight Committee, the Product, Risk & Operations Committee ("**PROC**"), the Benchmark Oversight Committee (the "**BOC**") and the BISL Risk Committee (the "**Risk Committee**"). The scope of authority of the other committees, their membership and their responsibilities and duties are set out in their respective terms of reference.

Responsibilities and Duties

The BSBY Oversight Committee requires its members to challenge and provide feedback on the design, calculation, maintenance and operation of BSBY, pursuant to these terms of reference (the "**Terms of Reference**"); the Committee is independent of the Board and the PROC and is responsible for the review and challenge of the Board and the PROC regarding relevant aspects of the provision of BSBY by BISL, as set out in the UK BMR. The BSBY Oversight Committee has, except as set forth in these Terms of Reference or specified in the UK BMR, no decision-making power. The Board retains the authority to overrule any decision of the Committee.

The following are the responsibilities of the BSBY Oversight Committee:

- Review the definition, methodology and calculation of BSBY no less frequently than annually.
 - As part of such review, the Committee may evaluate research and analysis demonstrating whether the construction of BSBY continues to provide a reasonable measure of the market or economic reality that BSBY is intended to measure.
 - The Committee may likewise consult (or direct BISL to consult) with users of BSBY for their input.
- Oversee changes to BSBY and, with respect to any material change, ensure that BISL consults with users with

¹ The European Union's regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016), as and to the extent such legislative framework was "on-shored" in the UK from 1 January 2021 (the "**UK BMR**").

adequate notice and a reasonable opportunity to respond.

- Oversee and challenge the design and operation of the control framework as it applies to BSBY, including receiving information from the first line Index Governance lead as well as from Risk, Compliance and other second line of defence personnel.
- Assess the results of reviews with respect to BSBY undertaken by internal or external auditors, and follow-up on the implementation of remedial actions highlighted in the results of these reviews.
- Consider the materiality of identified, existing or potential conflicts of interest with respect to BSBY and assess the measures for mitigating such conflicts.
- Oversee procedures for terminations of one or more BSBY tenors, including guidelines that set out how BISL should consult with BSBY users about any such cessation.
- Oversee the use of any third parties in the determination of BSBY.
- Oversee and address any material errors or client complaints with respect to BSBY.
- Oversee any applicable contributor code of conduct and where there is a contribution of input data, monitor the input data and contributors and the actions of BISL in challenging or validating contributions of input data;
- Take effective measures in respect of any breaches of the contributor code of conduct;
- Review and assess the monitoring and QA processes BISL applies to BSBY input data. In case of suspicious activities or misconduct by contributors, sources of input data or by BISL, to take appropriate action, which may include reporting to the relevant regulatory authorities in accordance with applicable Compliance guidelines and procedures.
- Assess, and where appropriate challenge, decisions or proposed decisions of the Board with regard to the provision of BSBY to ensure the fulfilment of the requirements of the UK BMR. If the Committee becomes aware that the Board has acted or intends to act contrary to any recommendations or decisions of the Committee, the Committee shall record this clearly in the minutes of its next meeting.

BISL will announce any material changes to BSBY methodology and / or any changes to BSBY which might have a material impact on market participants via a Press Release or other public document, in each case in compliance with the relevant policies and procedures published by BISL, so that all market participants, including those not on the BSBY Oversight Committee, will have access to this information at the same time. This does not preclude the Committee from undertaking its duties pursuant to the UK BMR and these Terms of Reference including considering potential changes and announcements being considered by BISL.

Criteria for Member Selection

Members of the BSBY Oversight Committee shall be appointed by the Board from time to time and must meet the following criteria, which shall be considered for each potential new member of the Committee. These criteria may be amended by BISL from time to time to ensure BISL's continued compliance with the UK BMR:

- The BSBY Oversight Committee should be composed of a balanced representation of BSBY stakeholders, including global and regional banks, asset managers, market specialists, industry representatives, academics and/or others with interest rate benchmark experience which collectively reflect a diverse background of skills and knowledge.
- Each Committee member should possess sufficient knowledge of markets and market developments and/or other experience and expertise in relation to the interest rate benchmarks in order to understand and opine on the matters

presented to the Committee.

- Each Committee member must be able to meet the time commitment required taking into account their role in any other entity or oversight function.
- A Committee member shall not have been or become subject to sanctions of administrative or criminal nature relating to financial services.

Any proposed change to the members of the Committee requires the approval of the Board. Committee meeting minutes shall document any change in membership approved by the Board, including replacements and removals.

The current BSBY Oversight Committee Members, including the Chairperson, are listed in Schedule I. The Committee shall appoint a Secretary who may or may not be a voting member of the Committee.

Meetings

The BSBY Oversight Committee will meet on a quarterly basis (in person, via tele-conference, video-conference or a combination thereof), provided however that a meeting of the Committee may be convened at any time deemed necessary by any member. Meetings will be conducted pursuant to a written agenda that has been circulated in advance and will be minuted by the Secretary, with minutes approved by the Committee at each subsequent session.

The participation of a majority of the BSBY Oversight Committee members will constitute a quorum and a quorum is needed to consider any matters or to vote on any matter. An absolute majority of voting Committee members is required to approve all matters being determined upon by the Committee. If an absolute majority cannot be achieved, then the Chairperson's vote shall decide the matter at issue. The BSBY Oversight Committee may act unanimously by written consent, including electronically and via electronic mail.

Representatives from Compliance and Bloomberg Legal shall be standing invitees of meetings of the BSBY Oversight Committee. Meetings may also include any other personnel or subject matter experts ("**Observers**") invited from time to time by the Committee. Any such permanent invitees and Observers shall be noted in the relevant meeting minutes and shall not have the right to vote on any matter.

BSBY Oversight Committee Members are to act independently at all times. Where a Committee member believes they have a potential or actual conflict of interest, then, in line with BSL's conflicts of interest policy, they must declare the full nature and extent of that conflict to the Chairperson of the BSBY Oversight Committee, shall recuse themselves from any consideration and discussion by the Committee of the applicable matter and related materials, and shall not vote on the applicable matter but may, with the approval of the other members of the Committee, provide information on an advisory basis to the Committee. Summary details of the membership of the BSBY Oversight Committee, along with any declarations of conflicts of interest, shall be publicly disclosed.

Confidentiality and Compliance with Laws

In performing their duties, BSBY Oversight Committee members must at all times observe the confidentiality obligations set out in the terms of their appointment and conduct themselves in compliance with all applicable laws, including competition laws.

- Any and all presentation materials, agenda items, questions and other non-public information discussed or shared during Committee meetings will be treated as confidential unless and until BSL has authorised their public release.
- The performance of the duties of Committee members should not require the disclosure or discussion of competitively sensitive, non-public information relating to any party, save that, in the course of their work, BSBY Oversight Committee

members may be given non-public information that is competitively sensitive as to BISL (e.g., the content of potential changes considered by BISL during a meeting of the BSBY Oversight Committee). Committee members must use such information strictly for the purpose for which it is provided and may not disclose such information to anyone not authorised to receive it.

- If in doubt as to their information handling obligations, Committee members will consult promptly with the Chairperson of the Committee.

Review of Terms of Reference

The Committee shall on a periodic basis, and at least annually, review these Terms of Reference. Any proposed change in member composition or a change in these Terms of Reference shall be escalated to the Board for approval.

DATE OF APPROVAL

These Terms of Reference have been approved by the BISL Board on 10 May 2023.

Version History

Version	Last Review Date	Department
1.1	November 2021	BISL Index Governance & Policy
1.2	May 2023	BISL Index Governance & Policy

Schedule I

Membership of the BSBY Oversight Committee

Voting members:

Name	Details
Anthony Lazanas, Chairperson	Bloomberg LP
Ann Battle	ISDA
Bill Nelson	Bank Policy Institute
Bruno Dupire	Bloomberg LP
Harriet Hunnoble	Independent
Jason Manske	Independent
Sam Priyadarshi	Independent
Tyler Zinder	Regions Bank

Non-voting members:

Name	Role
Vinay Reddy	Secretary, Head of BISL Index Governance & Policy

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