

Financial Benchmarks India Pvt Ltd

Criteria for Selection of Oversight Committee Members

22nd November, 2017

Version 1

Introduction:

1.1 The paragraph 5.9 and 5.10 of the RBI Report of the Committee on Financial Benchmarks outlines the Governance Framework for the benchmark administrators in India and the need to develop an appropriate oversight function. Paragraph 5.10 (xv) states as under:

“The administration may develop appropriate oversight function for regular review of various aspects of the benchmark process. The oversight function may be carried out by a separate committee or by any other suitable arrangement. The procedure involved in oversight function including criteria for selection of members; process and selection, nomination, removal and replacement of members; declaration of conflicts of interest may be documented and made available to the stakeholders as well as relevant regulatory authorities”.

2. Constitution of Oversight Committee (OC):

2.1 The Oversight Committee should have balanced representation from a range of stakeholders, submitters and subscribers. Accordingly, OC will comprise of members drawn from owner organisation, benchmark administrator, Calculating Agent, Submitters and subscribers such as banks, PDs and corporates. In line with the above criteria, professionals with knowledge and expertise in banking, financial market and treasury operations, from Banks, PDs, Corporates and academic institutions shall be eligible to be selected for the Oversight Committee.

2.2 The OC will have eleven members or as approved by the Board of Directors from time to time. The composition of the OC will be as under:

- a) Promoters Director - 1
- b) Other Directors – Minimum 1 and maximum 3
- c) Calculating Agency – 1
- d) Primary Dealers - 1
- e) Submitter Banks – 1

- f) Regulators i.e. RBI - 1
- g) Corporate users group - 1
- h) Academia – 1
- i) Chief Executive Officer - 1

In the event of having more than one CA and more number of submitter banks, the Board may take a view regarding increase in representation

In addition to the above members, a Special Invitee (with demonstrated knowledge, expertise and/or experience in financial benchmark or related areas) as may be deemed necessary from time to time by the Board, will be invited to OC meetings.

2.3 The FBIL will approach the concerned organisation for its consent for the identified officials to be member of the OC.

3 Tenure:

3.1 The tenure of the members inducted to the OC will be 3 years. In case a member is transferred/retired or resigned from the parent organisation, the organisation may replace him with another suitable member who could then be inducted into the OC by the FBIL Board for a fresh 3 year tenure. On expiry of three years tenure, the members are eligible to be reappointed subject to the consent of the sponsor organisation and approval of the FBIL Board.

4. Selection, removal and replacement of Members:

4.1 OC members will be selected by the Board of FBIL. The removal and replacement of the members will also be decided by the Board.

5. Declaration of conflicts of interest:

5.1 All members of the OC will submit “declaration of conflicts of interest” to be kept on record and also for being made available to the regulatory authorities in case of need.

6. Meetings:

6.1 The OC will meet once in a month or more frequently, if necessary.

7. Quorum:

7.1 Quorum for the meeting shall be 1/3 of the members i.e. 4.

8. Remuneration:

8.1 Remuneration/ sitting fees will be as decided by the FBIL Board from time to time.

9. Role and Responsibilities of the OC:

a) Discuss and deliberate on the design, construction and the methodology for the calculation of various benchmarks and undertake periodic review thereof.

b) Discuss and deliberate on the possibilities of the introduction of new benchmarks in keeping with market demand, regulatory developments and international trends. Assess and recommend any change in the methodology for benchmark calculation that may be required because of change in market condition and infrastructure, technology and regulatory development.

c) Oversee the management of various benchmarks, including the designated activities undertaken by the calculating agents.

d) Oversee the formulation and implementation of all FBIL policies in respect of benchmark calculation and publication.

e) Review various audit reports and oversee the implementation of follow up/ remedial actions, if any, recommended in the audit report.

f) Review whistleblowing reports and oversee the implementation of follow up/ remedial actions, if any, recommended by the Whistleblowing Officer.

9.1 Additional responsibilities of the oversight function in case of benchmarks determined based on submissions;

a) Oversee the compliance of the Code of Conduct by the Submitters and address any breach thereof following an appropriate system devised for this purpose. The oversight shall be carried out on the basis of the scrutiny and analysis of the periodic returns received from submitters.

b) Institute appropriate system and procedures to detect anomalous or suspicious submissions and to initiate necessary follow up action thereon.
