

PRIBOR Oversight Committee Terms of Reference

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1 The PRIBOR Oversight Committee Overview

The Czech Financial Benchmark Facility (**CFBF**) is the Benchmark Administrator of PRIBOR. The PRIBOR Oversight Committee (**the OC**) is an independent committee appointed by the CFBF Board that has the primary governance oversight of the methodology, determination, and dissemination of PRIBOR. The OC's purpose is to support the integrity, accuracy, and reliability of the PRIBOR benchmark to the benefit of all users of the benchmark and reliant market participants.

The OC is comprised of a blend of independent experts, representatives from panel banks and staff of the CFBF. An invitation is extended to the Czech National Bank to attend OC meetings as an observer.

Guests, such as representatives from market associations, stakeholder committees, market infrastructure providers and other users of PRIBOR, may be invited to participate on a non-voting basis.

The OC is embedded within the organisational structure of the CFBF but distinct from other governance functions of the CFBF. A Secretariat to support the OC is provided by the administrator.

The OC shall assess and challenge the decisions of the CFBF Board of Directors (the **Board**) with regards to the provision of PRIBOR to ensure the requirements of regulation, including European Benchmark Regulation (**BMR**) are being met.

The OC will be granted access to all CFBF documentation necessary to carry out its duties.

2 Responsibilities

The oversight function shall operate with integrity and shall have the following responsibilities, which shall be adjusted by the administrator based on the complexity, use and vulnerability of the benchmark:

- With respect to the PRIBOR Benchmark determination:

Reviewing the PRIBOR's definition and methodology at least annually.

Overseeing any changes to the PRIBOR methodology and being able to request CFBF to consult on such changes.

Overseeing the administrator's control framework, the management and operation of the benchmark, and the code of conduct.

Reviewing and approving procedures for cessation of PRIBOR, including any consultation about a cessation.

Overseeing any third party involved in the provision of PRIBOR, including calculation or dissemination agents.

Assessing internal and external audits or reviews and monitoring the implementation of identified remedial actions.

Monitoring the input data and contributors and the actions of the CFBF as the administrator of PRIBOR in challenging or validating contributions of input data.

Taking effective measures in respect of any breaches of the PRIBOR Code of Conduct.

Reporting to the Czech National Bank any misconduct by contributors or the CFBF of which the OC becomes aware, and any anomalous or suspicious input data.

- With respect to the PRIBOR - Panel Banks

The OC may require an external audit of a contributor if dissatisfied with any aspects of its conduct.

3 Appointment of members to the OC

The Board has the authority and responsibility to determine the membership of the OC on an annual basis. Appointments to the OC will be for an initial period of one year.

The Board will nominate a candidate to act as the OC's Chairperson and the OC itself will ratify the nomination. If the OC does not wish to ratify the Board nominated candidate the Board will nominate an alternative candidate for the OC's ratification. This process will continue until the Chairperson position has been confirmed by the OC.

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

CFBF Secretariat will assist the Board in identifying suitable nominees for OC membership, taking into consideration such matters as the nominee's specialist skills, knowledge and expertise, independence and their time capacity. The OC, as a whole, should have sufficient coverage of relevant subject matter including financial markets, legal, regulatory, risk and compliance and accounting.

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

4 OC Membership

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

- At least two independent members
- Representatives from contributors to PRIBOR where the maximum number of these representatives does not form a majority of OC 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 CFBF staff involved in the provision of PRIBOR in a non-voting capacity

Members shall not include persons who have been convicted of financial services related offences, in particular manipulation or attempted manipulation. Declarations should be collected on an annual basis from all OC members as evidence of no convictions of financial services related offences

Details of the OC membership will be made public on the CFBF website as will any declarations of any conflict of interest along with the processes for election and nomination of OC members.

Subject to meeting the criteria for selection observers may be invited to attend meetings of the OC. Observers may be invited to attend meetings of the OC 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 OC

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

- The Board or the OC is asked by the Czech National Bank to remove the person;
- The person was appointed to the OC 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 OC.
- The person has become physically or mentally incapable of acting as a OC member.
- The person has served notice of his or her intention to retire from the OC and the board considers their membership is no longer required.
- The person is repeatedly absent from the OC.

A person, as a member of the OC, wishing to resign from the OC is required to communicate their intention to resign by providing six-month notice in writing to the Chairperson of the OC. 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 OC's ability to fulfil its mandate.

6 OC Meetings

- The OC meets as needed and at a minimum on a quarterly basis
- Meeting dates should be scheduled 12 months in advance for regular meetings
- A meeting of the OC will be called whenever one of the OC members so requests. The Chairperson can convene a meeting of the OC with a minimum of 48 hours-notice in exceptional circumstances.
- Meeting agenda and supporting documents should be distributed to the OC members one week prior to OC meetings, other than for meetings convened at short notice when agenda and supporting documents should be distributed at a minimum the day prior to the meeting
- The OC decisions are made by voting. A quorum is achieved when two thirds of the voting OC members are present. If a member is unable to attend a meeting they may provide a proxy vote on agenda items to the Chairperson of the OC or any other member of the OC with voting rights. OC members unable to attend meetings may not be represented at the meeting by an alternative representative.
- Where matters for determination cannot be agreed by consensus, an affirmative vote from at least three quarters of OC members present is required for a motion to be carried.
- The OC's decisions shall record any objections raised against the majority's conclusions. In case of dissent, the minutes shall indicate which members voted for and against each decision.
- OC meeting discussion and decisions will be minuted, such minutes to be prepared by the CFBF Secretariat and distributed to OC members within one week following the meeting
- A summarised version of the OC meetings, including OC decisions, will be published on the CFBF's website within 14 days of OC meetings

7 Managing Conflicts of Interest within the OC

To mitigate any potential conflicts of interest all OC 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 OC 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 CFBF website.

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

- OC members should have their voting rights suspended for decisions that would have a direct business impact on the organisations they represent.
- OC members are required to disclose conflicts ahead of the discussion of each agenda item during meetings of the OC.
- OC 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 such minutes redacted prior to publication.
- OC members that are excused from discussion to avoid conflicts will have their voting rights removed for decisions relating to the specific agenda item.

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

8 Administrative details

- Rules governing the operational functioning of the OC are detailed the accompanying document “PRIBOR Oversight Committee Rules and Procedures”
- This document will be publicly available on the CFBF website.