
TERMS OF REFERENCE OF THE OVERSIGHT COMMITTEE OF CAPITAL MARKET BENCHMARKS



1 December 2019

GLOSSARY

Capitalised terms used in these Terms of Reference are understood as follows:

Term	Meaning
Administrator	GPW Benchmark S.A. with a registered office in Warsaw, ul. Książęca 4, 00-498 Warsaw, entered into the register of entrepreneurs of the National Court Register by the District Court for the capital city of Warsaw in Warsaw, 12 th Commercial Division under KRS no. 0000493097, VAT no. 5252546511, with share capital of PLN 2,900,000 - fully paid up
Administrator Documentation	a set of the Administrator's documents which describe in particular the Method for each of the Capital Market Benchmarks and the internal procedures for management of the Capital Market Benchmarks
Exchange Indices or Indices	the following indices and benchmarks provided by the Administrator: WIG, WIG20, WIG20TR, mWIG40, mWIG40TR, sWIG80, sWIG80TR, WIG30, WIG30TR, WIGdiv, WIG20short, WIG20lev, WIG20dvp, mWIG40dvp, sWIG80dvp, WIG-CEE, RESPECT Index, WIGtech, WIG-Poland, WIG-Ukraine, WIG.MS-BAS, WIG.MS-FIN, WIG.GAMES, WIG.MS-PET, NCIndex and the Sector Subindices which constitute a family of benchmarks within the meaning of Article 3(1)(4) of the Benchmarks Regulation (Exchange Index Family) and any other indices and benchmarks provided by the Administrator included in the GPW Indices Family
KNF	Polish Financial Supervision Authority (<i>Komisja Nadzoru Finansowego</i>)
Method	the method of fixing each of the Capital Market Benchmarks
Terms of Reference	these Terms of Reference of the Oversight Committee of Capital Market Benchmarks and any amendment or modification thereof
Benchmarks Regulation	Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (EU Official Journal L 171 of 29.6.2016, p. 1)
Sector Subindices	sector subindices of the WIG Exchange Index: WIG - food, WIG - banks, WIG - construction, WIG - telecom, WIG - IT, WIG - media, WIG - oil&gas, WIG - developers, WIG - chemicals, WIG - energy, WIG - mining, WIG - apparel, WIG - pharma, WIG - automotive
Capital Market Benchmarks	Exchange Indices and any other benchmarks within the meaning of the Benchmarks Regulation provided by the Administrator, other than interest rate benchmarks referred to in Article 3(1)(22) of the Benchmarks Regulation

1 INTRODUCTION

- 1.1 The Oversight Committee of Capital Market Benchmarks, hereinafter the "Oversight Committee", is the oversight function referred to in Article 5(1) of the Benchmarks Regulation for all Capital Market Benchmarks provided by the Administrator.
- 1.2 The Oversight Committee exercises oversight, on the terms and conditions laid down in these Terms of Reference, of all aspects of the provision of the Capital Market Benchmarks by the Administrator.

2 RESPONSIBILITIES AND FUNCTIONS OF THE OVERSIGHT COMMITTEE

- 2.1 The responsibilities of the Oversight Committee include:
 - 2.1.1 to carry out a review of the definition and classification of the Capital Market Benchmarks and their Methods at least on an annual basis,
 - 2.1.2 to oversee changes of the Methods by the Administrator in accordance with the Administrator Documentation and to assess the compliance of changes with the Benchmarks Regulation and the Administrator Documentation,
 - 2.1.3 to request the Administrator to ask a third-party opinion concerning any change of the Methods,
 - 2.1.4 to oversee the Administrator's control framework with regard to the management of the Capital Market Benchmarks and their functioning,
 - 2.1.5 to review and approve procedures for the cessation of the provision of the Capital Market Benchmarks, including the issuance of opinions concerning the cessation of the provision of the Capital Market Benchmarks,
 - 2.1.6 to oversee, if applicable, third parties participating in the provision of the Capital Market Benchmarks,
 - 2.1.7 to assess internal and external audits or reviews and to monitor the implementation of identified corrective measures,
 - 2.1.8 to notify the KNF of any misconduct of the Administrator which comes to the attention of the Oversight Committee,
 - 2.1.9 to notify the KNF of any atypical or suspicious input data which comes to the attention of the Oversight Committee,
 - 2.1.10 to issue recommendations concerning amendments to the Rules to the Administrator.
- 2.2 The Oversight Committee may review the accuracy of any decision of the Management Board of the Administrator concerning the provision of the Capital Market Benchmarks in accordance with the Administrator's Documentation. For that purpose, any decision under review is discussed at a meeting of the Oversight Committee. If the review brings negative outcome, the decision is challenged by the Oversight Committee and relevant recommendations are issued to the Administrator.
- 2.3 The Oversight Committee has on-going access to any information and data concerning all aspects of the provision of the Capital Market Benchmarks by the Administrator and on-going access to the Administrator Documentation to the extent necessary to perform its responsibilities laid down in these Terms of Reference and in the Benchmarks Regulation, provided that the members of the Oversight Committee are bound by confidentiality.
- 2.4 The Oversight Committee refers all recommendations concerning oversight of the Capital Market Benchmarks to the Management Board of the Administrator.

- 2.5 If it comes to the attention of the Oversight Committee that the Management Board of the Administrator has taken or is planning to take any measures which contradict any recommendations or decision of the Oversight Committee, the Oversight Committee puts it on record in the minutes of its next meeting and requests the Management Board to immediately provide necessary explanations.
- 2.6 The Oversight Committee issues recommendations concerning corrective measures on the basis of results of internal and external audits of the Administrator.
- 2.7 The Oversight Committee decides to notify the KNF of reported non-compliances subject to confidentiality.
- 2.8 The Oversight Committee notifies the KNF in writing immediately whenever any information comes to its attention or any suspicion is raised as referred to in points 2.1.8 and 2.1.9.

3 MEMBERSHIP OF THE OVERSIGHT COMMITTEE

- 3.1 The Oversight Committee is composed of three to five members appointed by the Administrator for a two-year term; the members may only be dismissed by the Administrator for any of the reasons referred to in point 5.1. The Oversight Committee is capable of issuing decisions only if it is composed of at least three members.
- 3.2 The members of the Oversight Committee at any time include at least one representative of each entity enumerated in the definition of the regulated-data benchmark in Article 3(1)(24)(a) of the Benchmarks Regulation.
- 3.3 If the Administrator provides a Capital Market Benchmark on the basis of information concerning the net asset value of investment funds provided to the Administrator by a third party, the Administrator immediately appoints a representative of such third party to the Oversight Committee. The provisions of these Terms Of Reference concerning the appointment of members of the Oversight Committee apply accordingly.
- 3.4 The members of the Oversight Committee may be appointed for multiple terms.
- 3.5 Eligible as a member of the Oversight Committee is any natural person who:
 - 3.5.1 is not subject to a criminal or administrative sanction in connection with any breach of financial sector regulations, in particular:
 - 1. the Benchmarks Regulation,
 - 2. the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC,
 - 3. the Act of 29 July 2005 on Trading in Financial Instruments,
 - 4. the Act of 29 July 2005 on Public Offering,
 - 5. the Act of 29 August 1997 – the Banking Law,
 - 6. the Act of 27 May 2004 on Investment Funds,
 - 3.5.2 has, in the opinion of the Administrator, the necessary knowledge of the Capital Market Benchmarks and of the market and the economic reality that each of the Capital Market Benchmarks intends to measure,
 - 3.5.3 has at least three years of experience in capital and/or financial markets,
 - 3.5.4 is able to dedicate sufficient time to perform the functions of an Oversight Committee member (such ability to dedicate sufficient time is reviewed in the first

place on the basis of a declaration filed by candidates for membership in the Oversight Committee as per the template set out in Annex 2 hereto),

- 3.5.5 works in a position which is not directly linked to the provision of the Capital Market Benchmarks,
- 3.5.6 has, in the opinion of the Administrator, the adequate understanding of the regulatory environment of the Administrator to the extent of the provision of the Capital Market Benchmarks.
- 3.6 No member of the Management Board of the Administrator is eligible to be a member of the Oversight Committee.
- 3.7 Any member of the Management Board of the Administrator may be invited to participate in a meeting of the Oversight Committee without the right to vote. Such decisions are a responsibility of the Chair of the Oversight Committee.
- 3.8 Any person who works in a position which is directly linked to the provision of the Capital Market Benchmarks is eligible to be a member the Oversight Committee without the right to vote.
- 3.10 If the Oversight Committee does not comprise the required number of members or its membership does not ensure the adequate balanced representation referred to in point 4.1 due to dismissal, resignation or expiration of the mandate of any member of the Oversight Committee, the Administrator is required, without undue delay and within a timeframe which is without prejudice to the continuity of the work of the Oversight Committee, to take measures necessary to appoint new members of the Oversight Committee.

4 APPOINTMENT OF MEMBERS OF THE OVERSIGHT COMMITTEE

- 4.1 Candidates for members of the Oversight Committee are nominated by the Administrator with a view to ensuring the adequate balanced representation of interested parties on the Oversight Committee, including without limitation the participation in the Oversight Committee of representatives of supervised entities which use the Capital Market Benchmarks and of all other interested parties including market infrastructure operators, independent members, and employees of the Administrator, who meet the criteria set out in point 3.5.
- 4.2 Before appointing a member of the Oversight Committee, the Administrator checks for any conflict of interest within the meaning of point 10.1 of these Terms of Reference affecting a candidate for membership in the Oversight Committee and checks whether such person meets the criteria set out in point 3.5 hereof. For that purpose, the Administrator obtains the candidate's written declaration to the effect that the candidate has read and agrees to comply with all the terms and conditions arising from the following documents:
 - 4.2.1 the template declaration of a candidate for membership in the Oversight Committee attached in Annex 2 hereto,
 - 4.2.2 the Terms of Reference of the Oversight Committee of Capital Market Benchmarks,
 - 4.2.3 the template agreement with the Administrator concerning the function of a member of the Oversight Committee.
- 4.3 If the declaration of a candidate referred to in point 4.2 is positive, the Administrator decides to appoint the candidate to the Oversight Committee and sets the date as of which the member performs the function.
- 4.4 The Administrator concludes a written agreement with a member of the Oversight Committee concerning the function of a member of the Oversight Committee. The conclusion of the agreement is a condition for a newly appointed member of the Oversight Committee to take on that function.

- 4.5 The Administrator publishes the up-to-date list of members of the Oversight Committee on its website.

5 DISMISSAL OF MEMBERS OF THE OVERSIGHT COMMITTEE

- 5.1 The Administrator may dismiss any member of the Oversight Committee only for one of the following compelling reasons:
- 5.1.1 a member of the Oversight Committee provides untrue information in the declaration of a candidate for membership in the Oversight Committee referred to in point 4.2.1,
 - 5.1.2 a member of the Oversight Committee no longer meets any of the criteria referred to in point 3.5 above,
 - 5.1.3 a member of the Oversight Committee is absent from three consecutive meetings of the Oversight Committee,
 - 5.1.4 a member of the Oversight Committee is in serious breach of the agreement concluded with the Administrator, in particular where a member of the Oversight Committee is in breach of the confidentiality obligation.
- 5.2 After asking the opinion of the Chair of the Oversight Committee concerning a compelling reason referred to in point 5.1, which is assessed by the Chair of the Oversight Committee (where the Administrator intends to dismiss any member of the Oversight Committee other than the Chair of the Oversight Committee), the Administrator dismisses a member of the Oversight Committee as of the date set by the Administrator.
- 5.3 Any member of the Oversight Committee may at any time resign from the Oversight Committee by presenting a written declaration to that effect to the Administrator.
- 5.4 In case of resignation, membership of the Oversight Committee expires as of the first day of the month following the month when the resignation is filed. Until such time, the member of the Oversight Committee enjoys all rights and performs all responsibilities under these Rules and other Administrator documents applicable to members of the Oversight Committee.

6 OVERSIGHT COMMITTEE WORK ORGANIZATION

- 6.1 The members of the Oversight Committee elect a Chair of the Oversight Committee from amongst its members.
- 6.2 The Chair of the Oversight Committee appoints a deputy who is the acting Chair where the Chair cannot participate in any meeting of the Oversight Committee.
- 6.3 The meetings of the Oversight Committee take place at the registered office of the Administrator. In extraordinary circumstances, the Chair of the Oversight Committee may designate another venue for a meeting or decide that a meeting is to be held and necessary decisions issued by means of remote communication.
- 6.4 In extraordinary circumstances, the Oversight Committee may issue decisions in a circulation procedure by email.
- 6.5 The Administrator acting at the request of the Chair makes available an appropriate communication portal to the members of the Oversight Committee.
- 6.6 The meetings of the Oversight Committee are called by the Chair of the Oversight Committee according to the plan approved by the Oversight Committee or otherwise as required but at least once every three months.
- 6.7 The meeting of the Oversight Committee is valid provided that all members of the Oversight Committee are invited to the meeting.

- 6.8 The Chair of the Oversight Committee distributes a notice of a meeting of the Oversight Committee to members of the Oversight Committee by email no later than seven business days before the meeting. In urgent cases, the Chair of the Oversight Committee is entitled to shorten that time limit.
- 6.9 A draft agenda is distributed to members of the Oversight Committee together with the notice of a meeting.
- 6.10 The members of the Oversight Committee are required to participate in meetings of the Oversight Committee.
- 6.11 Apart from the members of the Oversight Committee, the following persons may take part in meetings of the Oversight Committee:
- 6.11.1 members of the Management Board of the Administrator,
 - 6.11.2 employees of the Administrator and other persons who work in a position directly linked to the provision of the Capital Market Benchmarks,
 - 6.11.3 other persons where an expert opinion is to be presented at a meeting of the Oversight Committee.
- 6.12 Decisions to invite any person referred to in point 6.11 to a meeting of the Oversight Committee are a responsibility of the Chair of the Oversight Committee.
- 6.13 Only members of the Oversight Committee have the right to vote at meetings of the Oversight Committee. Persons referred to in point 6.11 have no right to vote.
- 6.14 Anyone participating in a meeting of the Oversight Committee is bound by confidentiality. As a condition for anyone other than members of the Oversight Committee and representatives of the Administrator to participate in a meeting, they are required to sign a declaration according to the template presented in Annex 3 hereto before any meeting of the Oversight Committee in which they are taking part.

7 PROCEEDINGS OF THE OVERSIGHT COMMITTEE

- 7.1 The Chair of the Oversight Committee chairs over the proceedings, gives the floor, opens a vote, and announces the results of a vote.
- 7.2 All decisions of the Oversight Committee are passed in a vote by an ordinary majority of votes. If the number of votes for and against is equal, the Chair of the Oversight Committee has the casting vote.
- 7.3 Decisions of the Oversight Committee are passed in the form of resolutions, the content of which is put on record in the minutes of the meeting or attached to the minutes.
- 7.4 Decisions of the Oversight Committee are valid if at least one half of all members of the Oversight Committee participated in the meeting.

8 DISPUTE RESOLUTION IN THE OVERSIGHT COMMITTEE

- 8.1 The Chair of the Oversight Committee decides, after asking the opinion of members of the Oversight Committee, how to resolve any organisational or procedural dispute in the Oversight Committee.

9 MINUTES OF MEETINGS OF THE OVERSIGHT COMMITTEE

- 9.1 Minutes are taken of meetings of the Oversight Committee.
- 9.2 Minutes are taken by a person appointed by the Administrator and bound by confidentiality.
- 9.3 Minutes should reflect issues discussed and arrangements made at the meeting.
- 9.4 Draft minutes are distributed to members of the Oversight Committee present at the

meeting concerned by the minutes. Members of the Oversight Committee present at the meeting concerned by the minutes have five business days to request that the minutes be amended or supplemented. In the absence of such request within such time limit, the minutes are deemed to be approved. Draft minutes are also distributed to other persons participating in the meeting solely to the extent of and for the purpose of approving any statements of such persons put in the minutes within five days after the draft minutes are distributed. In the absence of a request to amend or supplement any statement within such time limit, the minutes are deemed to be approved.

- 9.5 After the minutes are approved by members of the Oversight Committee present at the meeting concerned by the minutes, the Chair of the Oversight Committee signs the minutes and presents the minutes together with the adopted resolutions to the Administrator.
- 9.6 The minutes of a meeting of the Oversight Committee are kept on file by the Administrator subject to confidentiality in accordance with the Administrator Documentation.
- 9.7 The Administrator presents the minutes of a meeting of the Oversight Committee to the KNF.
- 9.8 The Administrator drafts a communication and publishes it on its website after each meeting of the Oversight Committee.

10 CONFLICT OF INTEREST

- 10.1 A conflict of interest affecting a member of the Oversight Committee may arise without limitation from such member's professional, family and organisational relations and links with any entities which use the Capital Market Benchmarks within the meaning of the Benchmarks Regulation and with any companies participating in the Capital Market Benchmark portfolios.
- 10.2 The members of the Oversight Committee are required to report any conflict of interest to the Oversight Committee before discussion is opened on any item on the agenda and to refrain from participating in the discussion and from voting on the resolution in the matter affected by the conflict of interest.
- 10.3 The members of the Oversight Committee are recused from any decisions of the Oversight Committee which could have a direct impact on the activity of the organisation represented by such members of the Oversight Committee. The following information is put in the minutes of a meeting of the Oversight Committee:
 - 10.3.1 the member of the Oversight Committee refrains from speaking in the discussion and from voting on the resolution in the matter affected by a conflict of interest,
 - 10.3.2 the member of the Oversight Committee is recused from a discussion due to a conflict of interest.

11 REMUNERATION OF THE OVERSIGHT COMMITTEE MEMBERS

- 11.1 The members of the Oversight Committee are remunerated for their function under the agreement with the Administrator which sets the amount and the terms of payment of the remuneration.
- 11.2 The members of the Oversight Committee may decide to perform the function without remuneration.

12 OVERSIGHT COMMITTEE OPERATING EXPENSES

- 12.1 The operating expenses of the Oversight Committee are paid by the Administrator.
- 12.2 The Administrator provides administrative and technical support to the Oversight Committee.

13 REVIEW AND UPDATE OF THE TERMS OF REFERENCE

- 13.1 These Rules are approved by the Management Board.
- 13.2 The Compliance Officer reviews the Rules on an annual basis, prepares necessary updates and presents them for approval to the Management Board of the Administrator to ensure the adequacy and effectiveness of the Terms of Reference taking into account regulatory changes, market practice, and recommendations of the KNF.
- 13.3 These Terms of Reference enter into force on 1 December 2019.

ANNEX 1 TO THE Terms of Reference OF THE OVERSIGHT COMMITTEE OF CAPITAL MARKET BENCHMARKS – INVITATION TO PARTICIPATE IN THE OVERSIGHT COMMITTEE

.....
(place, date)

INVITATION

.....
(first name, surname)

On behalf of GPW Benchmark S.A. ("**Administrator**"), you are invited to participate in the Oversight Committee of Capital Market Benchmarks which operates according to the Rules of the Oversight Committee of Capital Market Benchmarks. Should you accept this invitation, please present a completed declaration attached hereto.

.....
signature

Enclosures:

- 1) the template of a Declaration of a candidate for a member of the Oversight Committee of Capital Market Benchmarks,*
- 2) the Terms of Reference of the Oversight Committee of Capital Market Benchmarks,*
- 3) the template agreement with the Administrator concerning the function of a member of the Oversight Committee.*

ANNEX 2 TO THE TERMS OF REFERENCE OF THE OVERSIGHT COMMITTEE OF CAPITAL MARKET BENCHMARKS – DECLARATION OF A MEMBER OF THE OVERSIGHT COMMITTEE

.....
(place, date)

**GPW Benchmark S.A.
ul. Książęca 4
00-498 Warsaw**

**DECLARATION OF A CANDIDATE
FOR A MEMBER OF THE OVERSIGHT COMMITTEE OF CAPITAL MARKET BENCHMARKS**

.....
(first name, surname)

I hereby warrant and represent that:

- I accept the invitation to participate in the Oversight Committee of Capital Market Benchmarks,
- I have read and agree to comply with the Terms of Reference of the Oversight Committee of Capital Market Benchmarks,
- I am not subject to a criminal or administrative sanction in connection with any breach of financial sector regulations, in particular:
 - (a) Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014,
 - (b) Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC,
 - (c) the Act of 29 July 2005 on Trading in Financial Instruments,
 - (d) the Act of 29 July 2005 on Public Offering, the Conditions of Introduction of Financial Instruments to an Organised Trading System, and Public Companies,
 - (e) the Act of 29 August 1997 – the Banking Law,
 - (f) the Act of 27 May 2004 on Investment Funds and Management of Alternative Investment Funds,
- I have knowledge of the Capital Market Benchmarks and of the market and the economic reality that each of the Capital Market Benchmarks intends to measure,
- I have at least three years of experience in capital and/or financial markets,
- I have an understanding of the regulatory environment of the Administrator to the extent of the provision of the Capital Market Benchmarks,
- I work in a position which is/is not* directly linked to the provision of the Capital Market Benchmarks,

- I am able to dedicate sufficient time to perform the functions of the Oversight Committee member.

* Delete if inapplicable.

.....
signature

**ANNEX 3 TO THE TERMS OF REFERENCE OF THE OVERSIGHT COMMITTEE – TEMPLATE
CONFIDENTIALITY DECLARATION OF A PERSON INVITED TO A MEETING OF THE
OVERSIGHT COMMITTEE OF CAPITAL MARKET BENCHMARKS**

.....
(place, date)

**GPW Benchmark S.A.
ul. Książęca 4
00-498 Warsaw**

**CONFIDENTIALITY DECLARATION
of a person invited to a meeting of the Oversight Committee**

.....
(first name, surname)

I, the undersigned, hereby agree to keep confidential all information and not to disclose any materials and documents or their drafts received in connection with my participation in a meeting of the Oversight Committee of Capital Market Benchmarks which are not public or whose disclosure could infringe legitimate interests of GPW Benchmark S.A. or other third parties.

I hereby accept and acknowledge that:

- 1) minutes are taken of meetings of the Oversight Committee of Capital Market Benchmarks and my personal data (first name and surname) may be recorded in the minutes;
- 2) minutes are presented for information to the KNF according to the Terms of Reference of the Oversight Committee of Capital Market Benchmarks;
- 3) if my statement is recorded in the minutes, I may request the correction of my statements within five business days after the relevant part of the minutes of a meeting of the Oversight Committee of Capital Market Benchmarks is provided; in the absence of such request within such time limit, the statement is deemed to be approved.

.....
Signature