

FTSE Bond Indices Committee

TERMS OF REFERENCE

1.0 PURPOSE

- 1.1 The FTSE Bond Indices Committee (the "Committee") is established by FTSE International Limited ("FTSE") to:
- 1.1.1 Oversee the operation of the FTSE Actuaries UK Gilts Index Series, the FTSE Global Bond Indices and the FTSE MTIRS Indices (the "Indices") as required by their Ground Rules and advise FTSE on their future development;
 - 1.1.2 Approve amendments to the methodology for the construction of the Indices and the calculation of related statistical data;
 - 1.1.3 Ensure that best practice is used in the construction and management of the Indices.
- 1.2 The Committee operates independently of FTSE and, subject to the Committee acting within its Constitution and Terms of Reference, FTSE will use reasonable endeavours to implement the decisions of the Committee regarding the operation of the Indices.
- 1.3 Membership of the Committee is intended to be representative of the global bond investment community and other users of the indices including actuaries, acting in their professional capacity. The Chairman of the FTSE Bond Indices Committee shall be appointed or removed by FTSE in consultation with the Faculty and Institute of Actuaries. Members of the Committee shall be appointed or removed by FTSE in consultation with the Chairman. A Deputy Chairman may be appointed by FTSE in consultation with the Chairman from among the Members of the Committee. All members of the Committee shall be appointed normally for a term of three years, with retiring members eligible for re-appointment.
- 1.4 The UK Debt Management Office (DMO) shall appoint a representative to act as an observer at Committee meetings. The DMO representative will act solely as an observer and will not form part of the Committee.
- 1.5 The Committee shall report regularly on its activities to the FTSE Policy Group, responsible for the oversight of all FTSE practitioner committees, and shall refer major policy issues to the FTSE Policy Group for decision. The Chairman of the Committee, or his nominee, shall be a member of the FTSE Policy Group

2.0 THE SECRETARY

- 2.1 A Secretary is appointed by FTSE to support the work of the Committee. The Secretary will maintain a record of members' attendance, will be responsible for recording and the timely publication of constituent changes to the Indices and prepare agendas, papers and minutes for Committee meetings.
- 2.2 The secretary will be responsible for following up action points between meetings

3.0 MEETINGS

- 3.1 The Committee will meet at least biannually. The quorum for Committee meetings is three members.

3.2 The Group may hold their meetings in person or, as they see fit, via suitable electronic means including without limitation telephone conference calls, videoconferencing or a combination as appropriate.

3.3 Members not attending for two consecutive meetings, either in person or via telephone or video conference, without reasonable cause will be asked to account for their non-attendance to the Secretary and Chairman. In such circumstances, FTSE in consultation with the Chairman will have the right to ask the member to resign for reasons of non-attendance.

The Secretary shall convene a special meeting of the Committee at the request of the Chairman or two or more Committee members.

Meetings of the Committee will normally take place at FTSE's office in London.

4.0 DUTIES

4.1 To review the appropriateness of the Ground Rules and to agree any changes or significant exceptions to the Ground Rules.

4.2 To approve all constituent changes to the Indices in accordance with the Ground Rules. The Committee may delegate this duty to FTSE executives between biannual meetings as permitted by the Ground Rules.

4.3 To monitor the calculation of all index statistics in accordance with the Ground Rules.

4.4 To review the adequacy and effectiveness of the administrative systems and procedures used in the calculation of the Indices.

4.4.1 Where necessary, to constitute working parties to consider certain issues in depth and report back to the Committee.

5.0 DELEGATION OF POWERS

5.1 The Chairman and Deputy Chairman of the Committee (or their appointed deputies) acting jointly may represent the Committee between meetings and may act on behalf of the Committee where permitted to do so by the Ground Rules. All such decisions of the Chairman and Deputy Chairman or their appointed deputies must be reported to the Committee as soon as possible.

6.0 APPEALS

6.1 An issuer or prospective issuer (or professional advisor acting on behalf of the issuer) or a group of not less than ten users of the Indices from different organisations, acting in their professional capacity, may appeal against the decisions of the Committee where it is alleged:

(a) the Committee acted outside of its powers under the Ground Rules; or

(b) the Committee in reaching its decision failed to take into consideration a substantial and material fact. A substantial and material fact is defined as a fact which would have influenced the decision of the Committee in the matter in question if it had been considered.

- 6.2 A request for an appeal must be made in writing to the Secretary of the Committee.
- 6.3 Any appeal will be heard by the FTSE Policy Group, whose decision will be final. Any member of the FTSE Policy Group, who is also a member of the FTSE Bond Indices Committee, may not participate in the appeal hearing.

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