



FTSE Russell Governance Board

Introduction

The FTSE Russell Governance Board (Governance Board) is responsible for maintaining the integrity of all FTSE Russell products by ensuring that all branded and co-branded products meet appropriate technical and governance standards. It reports to the Information Services Management Team (ISMT) and is supported by working groups formed of knowledgeable and experienced employees and receives input from the external Advisory Committees formed of senior, experienced market practitioners, clients and index users.

Responsibility

The FTSE Russell Governance Board is responsible for:

- The oversight of all FTSE and Russell and associated indexes including FTSE TMX;
- The approval of all new index methodologies and enhancements to existing methodologies;
- Approving any index decommissioning that may be required in accordance with the *FTSE Russell Index Series Decommissioning Statement*;
- Ensuring an appropriate framework is in operation so that FTSE Russell indexes continue to demonstrate good practice and that any changes to index methodologies reflect the needs and concerns of users and other stakeholders.

Governance Board Agenda

The Governance Board meets monthly and has the following agenda items as standard:

- Review and approve all new FTSE Russell product proposals including those for new indexes, data services and analytics;
- Undertake technical due diligence on proposed external parties where co-branded products are envisaged;
- Review and approve the proposed methodologies of all new indexes with specific regard to the technical quality of the Methodology, the availability and quality of the necessary inputs, and FTSE Russell's ability to conduct periodic index reviews and maintain the Methodology day to day;

- Approve substantive changes to index methodologies taking into account feedback received from the internal Methodology and Procedures Implementation (MAPI) Group, the external Advisory Committees and FTSE Russell Policy Group;
- For the FTSE TMX indexes based on Submissions:
 - review the Submissions received on at least a quarterly basis, and compare them with corroborating data, for example transaction data and data for comparable market instruments and rates; and
 - review the satisfactory operation of the index in the light of market conditions (depth, liquidity) over the previous quarter;
- For indexes that use data received from external third parties in their calculation, periodically review reports on the quality of the external parties' data;
- Review any operational issues that may have arisen in the previous month with a view to improving operating controls and procedures; and
- Review any complaints received from clients over the preceding month.

Governance Board Meetings

Governance Board meetings are formally minuted and relevant decisions and concerns are included in the Governance Board's report to the monthly FTSE Russell Information Services Management Team meeting. This latter meeting provides a venue where any commercial considerations of Governance Board decisions and recommendations can be discussed.

Members of the Governance Board are reminded of their obligations in relation to the confidentiality of information and inside information in relation to matters discussed at the meeting at the start of each meeting. Members are also asked whether there any actual or potential conflicts of interest which they should declare at the start of the meeting.

Governance Board Membership

The Governance Board membership is made up of senior FTSE Russell governance and research staff able to evaluate the technical merits of new product proposals and existing product enhancements, and senior operations staff able to comment on the feasibility and risks of implementing those proposals. Membership may change from time to time, subject to the agreement of the Chair. Other attendees may be invited as required for consideration of a specific matter which warrants their input, but will not have decision-making authority.

For more information about our indexes, please visit ftserussell.com.

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About FTSE Russell

FTSE Russell is a leading global provider of benchmarking, analytics and data solutions for investors, giving them a precise view of the market relevant to their investment process. A comprehensive range of reliable and accurate indexes provides investors worldwide with the tools they require to measure and benchmark markets across asset classes, styles or strategies.

FTSE Russell index expertise and products are used extensively by institutional and retail investors globally. For over 30 years, leading asset owners, asset managers, ETF providers and investment banks have chosen FTSE Russell indexes to benchmark their investment performance and create ETFs, structured products and index-based derivatives.

FTSE Russell is focused on applying the highest industry standards in index design and governance, employing transparent rules-based methodology informed by independent committees of leading market participants. FTSE Russell fully embraces the IOSCO Principles and its Statement of Compliance has received independent assurance. Index innovation is driven by client needs and customer partnerships, allowing FTSE Russell to continually enhance the breadth, depth and reach of its offering.

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