Benchmark Oversight Committee
Committee Guidelines & Terms of Reference

November 2015
GUIDELINES

Purpose

The function of the Benchmark Oversight Committee (BOC) is to oversee the capture, calculation and publishing methodology of the New Zealand reference rates and indicative closing rates (Benchmark) calculated and published via the NZdata Service by the NZFMA (Benchmark Administrator). The BOC supports the integrity, efficiency and reputation of NZFMA Benchmarks.

The BOC will review and provide challenge on all aspects of the Benchmark determination process appropriate to the Benchmark in question (ie. including its size, scale and complexity) and provide effective oversight of the Administrator. This includes consideration of the features and intended, expected or known usage of the Benchmarks and the materiality of existing or potential conflicts of interest identified.

The Benchmark Oversight Committee’s responsibility is limited to the benchmarks calculated and published by the NZdata Service and does not extend to any third party data sources published by the NZdata Service.

Governance

The NZFMA as Benchmark Administrator has established a Benchmark Oversight Committee. This Committee is made up of Benchmark submitters, Benchmark users, independent industry experts and the regulators.

Formation

Members of the Benchmark Oversight Committee are appointed annually by the NZFMA Board at its Annual General Meeting and will include representation from NZFMA member representatives experienced in the New Zealand financial markets. The Committee’s chairperson will be appointed at the first Committee meeting following the Annual General Meeting.

Responsibilities

The Benchmark Oversight Committee will conduct reviews, exercise collective scrutiny, consider conflicts of interest and determine complaints relating to all Benchmarks captured, calculated and published by the Benchmark Administrator. (Refer the BOC Terms of Reference below).
Meetings

The Benchmark Oversight Committee will meet on a quarterly basis or ‘as required’. Telephone and videoconference linkages can be used to facilitate meetings. NZFMA members who are not represented on the BOC can raise issues to be included on the agenda.

Voting

A quorum for a Benchmark Oversight Committee meeting is two thirds of the committee members.

Where matters for determination cannot be agreed by consensus, an affirmative vote from at least 75% of committee members present is required for a motion to be carried.

Before finalising its view on a matter that may be significant in a wider market context, the BOC should refer the matter to the NZFMA Board for guidance.

Agenda & Minutes

NZFMA will provide administrative support at each meeting of the BOC.

The Agenda for each meeting will include confirmation of the minutes of the previous meeting, progress on action items from previous meetings, new business items for the meeting, and an ‘other business’ item.

The Minutes from each meeting will be circulated to the Committee members within 10 working days from the date of the meeting.

TERMS OF REFERENCE

The following are the responsibilities of the Benchmark Oversight Committee:

1. Conduct regular reviews of all aspects of the determination of the Benchmarks, including the methodology, features, definition, scope and setting.
2. Assess aspects listed in 1 above, including the underlying interest and the usage of the Benchmarks.
3. Exercise collective scrutiny of individual submissions of contributed markets if and when required.
4. Oversee the practice standards in the Operating Rules & Principles relevant to each Benchmark, and reviewing these documents as required.
5. Monitor the regularity of contributions made to contributed markets.
6. Develop proposals for consultation of prospective changes to Benchmark methodologies as required, and have regard to any representations made in response to consultations undertaken.


8. Review incidences of suspected manipulation of the Benchmark.

9. Consider existing or potential conflicts of interest where material.

10. Take measures to remain informed about material issues and risks relating to the setting of Benchmarks.

11. Oversee the Benchmark Administrator’s adherence to its published methodologies, including calculation, re-fix and business continuity policies.

12. Recommend as appropriate that external review of the Benchmarks be commissioned by the Benchmark Administrator.

13. Consider recommendations made pursuant to internal or external reviews of the Benchmark Administrator’s compliance with published methodologies, applicable laws and regulation.

14. Follow up on remedial actions required to implement any recommendations identified under 13 above, as appropriate.

15. Refer any conflict between the Committee’s decisions and the responsibilities of NZFMA’s Board to the Chair of the Committee and the Chair of NZFMA’s Board for resolution.

16. Keep these Terms of Reference of the Committee under regular review.