

GOVERNANCE EURONEXT INDICES

VERSION 001

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1. INTRODUCTION

1.1 PURPOSE

The purpose of this document 'Governance Euronext Indices' is to describe the role and responsibilities of each of the governance bodies that are part of the Benchmark Administrators of Euronext.

1.2 ASSOCIATED DOCUMENTS

Overview of Documents relating to Euronext Indices

The following documents should be read in conjunction with this document or provide other relevant information for the reader:

- Benchmark Statement
- Compliance Statement
- Governance Euronext Indices
- Rulebook of each Family of Indices
- Methodology Euronext Indices
- Procedures Overview Euronext Indices
- Rules of Procedure Independent Supervisors
- Benchmark Oversight Committee Charter
- List of Indices

All of these documents are available online.

BENCHMARK STATEMENT

The Benchmark Statement identifies the primary features of an index family or families of indices in the context of the EU Benchmark regulation.

COMPLIANCE STATEMENT

The Compliance Statement provides details, for both significant and non-significant benchmarks, which provisions the administrator has chosen not to apply, and offers an explanation as to why it is appropriate not to apply each provision.

GOVERNANCE EURONEXT INDICES

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RULEBOOK OF EACH FAMILY OF INDICES

Each index is part of an index family that shares the basis for selection (universe) and which is managed in a comparable way. A separate rulebook is provided for each index family that will describe the specific features of that index family as well as specific elements of each index within that family.

METHODOLOGY EURONEXT INDICES

The Methodology Euronext describes all aspects that apply for the

- periodical reviews,
- the calculation, and
- treatment of corporate actions

of indices provided by Euronext Indices.

PROCEDURES EURONEXT INDICES

This rulebook describes the various procedures that are applied for all Euronext Indices:

- Correction Policy
- Announcement Policy
- Complaints Procedure
- Consultations Procedure
- Procedure For Cessation of Indices

RULES OF PROCEDURE INDEPENDENT SUPERVISORS

For each Independent Supervisor Euronext publishes a 'Rule of Procedure' that describes the responsibilities and composition of each Independent Supervisor.

BENCHMARK OVERSIGHT COMMITTEE CHARTER

The Benchmark Oversight Committee Charter describes the role and responsibilities of the Benchmark Oversight Committee.

LIST OF INDICES

An overview of all indices provided by Euronext Indices with identification of their respective administrator and regulator. The list provides all reference information, identifies the status of each benchmark and contains links to the relevant index family rulebooks.

1.3 VERSION NOTES

Version	Effective date	New or changed parts
001	1 April 2019	First version

2. ADMINISTRATOR

The EU Benchmark Regulation 2016/1011 (“BMR”) aims to set common European Union (EU) standards to prevent manipulation of benchmarks that could affect the price of financial instruments.

In this context, each Euronext Market operator (“Euronext”) was registered as a EU Benchmark Administrator with their relevant competent authority.

Within Euronext there are 4 administrators:

- Euronext Amsterdam NV
- Euronext Brussels NV/SA
- Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A.
- Euronext Paris SA

Note: Euronext Dublin will be added in due course.

All blue chip indices (CAC 40, AEX, PSI 20 and BEL 20) were registered as ‘Significant benchmarks’.

All other indices owned by Euronext were registered as ‘Non-Significant benchmarks’.

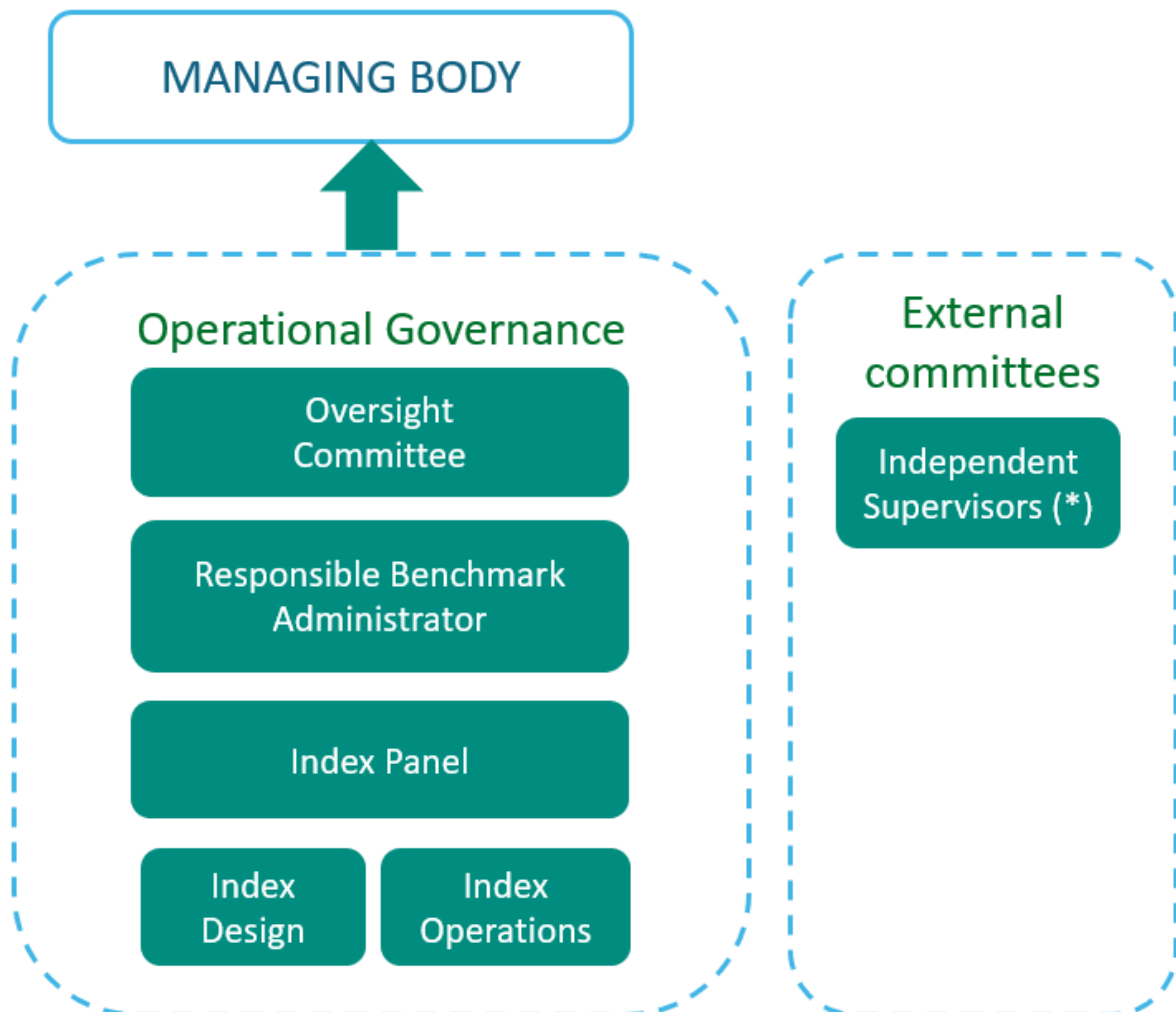
2.1 GOVERNING BODIES WITHIN THE ADMINISTRATOR

Euronext is the Administrator for all indices published by Euronext unless the specific rulebook designates Euronext only as calculation agent.

The governance of the Benchmark Administrators is split in 3 parts:

- **Management Body**
Responsible for their respective Benchmark Administration and consists of:
 - Management Body of each Benchmark Administrator
 - Responsible Benchmark Administrator (“RBA”) (reports to the CEO of each Benchmark Administrator)
- **Executive Body**
Responsible for the day to day index business and consists of:
 - Index Design
 - Responsible for creation, development and index rulebooks (in case there is no Independent Supervisor).
 - Index Operations
 - Responsible of daily operations of the indices.
 - Index Panel
 - Advisory committee on interpretation of complex corporate actions.
 - Independent Supervisor
 - Independent committee to approve major changes to major national indices (including its rulebook).
- **Oversight Body**
Committee responsible for independent oversight of all aspects of the governance of the Benchmark Administrators and consists of:
 - Benchmark Oversight Committee

GOVERNANCE FRAMEWORK



* Not all Euronext indices have an Independent Supervisor

3. EXECUTIVE BODY

Index Operations is responsible for day-to-day operational maintenance of all national and cross-border stock indexes (including sector indexes). This includes operational adjustments following corporate actions that have an impact on constituent shares and the preparation of periodical reviews according to the rules that are currently in force.

Index Design is responsible for the rules governing Corporate Actions and will decide in cases that require specific interpretation. For cases with significant potential impact, Index Design will liaise with the **Index Panel** for advice. The Index Panel consists of specialists from various business lines within Euronext. Moreover Index Design is responsible for presenting periodic selections and re-weightings to the Supervisor and developing index rules refinements whenever necessary. Index Design will hold regular meetings with Index Operations on the ongoing development of rules as well as on the results of reviews.

Index Design will inform and if necessary convene the Index Panel on issues that might raise questions from market participants or for which there are more viable solutions or may set precedents.

Members of the Index Panel or their delegates are hands-on market experts with experience in dealing with corporate actions, knowledgeable about index rules and index design, and have good quantitative skills. Although the members are selected as representatives of several business lines, the main assignment for the Index Panel is to take decisions in the general interest of the index and all its users.

4. NATIONAL MANAGEMENT BODIES

Description

The management body of Euronext Paris, Euronext Amsterdam, Euronext Brussels and Euronext Lisbon is the Board of Directors of each national entity.

The Management Body of each location is responsible for the strategy, objective and direction of their respective Benchmark Administration. The local CEO is responsible for the implementation of this strategy.

RESPONSIBILITY

The Management Body of each location is responsible for the strategy, objective and direction of their respective Benchmark Administration.

5. RESPONSIBLE BENCHMARK ADMINISTRATOR

DESCRIPTION

The Responsible Benchmark Administrator (“RBA”) is a natural person responsible for the governance arrangements and activities of the Benchmark Administrators and adherence to the BMR regulations.

The RBA implements the strategy defined by the local Management Body.

RESPONSIBILITY

The responsibilities of the RBA are the following:

- Ensure a robust governance arrangement is in place, which include a clear organisational structure with well-defined, transparent and consistent roles and responsibilities for all persons involved in the provision of a benchmark.
- The RBA implements the strategy of each Benchmark Administrator defined by the local CEO.
- Adherence to the EU Benchmark Regulations and IOSCO Principles and other regulation and legislation relevant to the administration of each Index.
- The RBA is the chairman of the Index Panel.
- RBA works in close cooperation with the BOC specially to ensure the communications with operational teams and smooth review of the index design and index operations team.
- Yearly review of this document ‘Governance Euronext Indices’.

6. INDEX DESIGN

DESCRIPTION

The Index Design department, hereafter “Index Design” is responsible for the creation, development, review and interpretation of index methodologies.

RESPONSIBILITY

The responsibilities of the Index Design are:

- Review and approve new methodologies, material methodology changes and market reclassifications.
- Approve the launch of any non-Significant benchmark. The launch of any Significant benchmark will first be approved by the associated local Management Body.
- Approve the cessation of any non-Significant Benchmark that does not have an independent Supervisor.
- Publishing and maintaining all relevant methodologies and documentation.
- Publish and maintain guidelines regarding the types of input data, the priority of use of the different types of input data and the exercise of expert judgement.
- Publish or make available the following information regarding the internal review and approval of the methodology of a benchmark:
 - (a) any policies and procedures relating to the internal review or approval.
 - (b) details of any specific events that may give rise to an internal review including details of any mechanism used by the administrator to determine whether the methodology is traceable and verifiable.
 - (c) the administrator’s organisational structure that are involved in reviewing and approving the methodology.
- Review and approve the periodic reviews of the indices outside of the scope of any independent Supervisor. Organise meetings with each supervisor at the intervals set out in the rulebook.
- Oversight of the integrity of index determination and control framework.
- Overseeing the management and operation of an index.
- Review and approve complex or exceptional corporate event treatment that cannot be addressed by current methodologies, escalated by Index Operations.
- Approve or propose consultations, review feedback, and decide if methodology changes are needed.
- Support the independent Supervisors.
- Review and approve all documentation related to Policies.
- Follow up on customer and stakeholder questions.
- Advise Index Operations when required on the implementation of the rulebook.

7. INDEX OPERATIONS

DESCRIPTION

The Index Operational department hereafter “Index Operations” is responsible for the daily operations of the Indices including rebalances, quality checks and the validation of all data related to indices.

“Index Operations” is part of the EMS Corporate Action (ESM CA) department of Euronext.

RESPONSIBILITY

The responsibilities of Index Operations are:

- Analyse and process Corporate Actions.
- Monitor the calculation of the indices.
- Execute the reviews (rebalancing) of the indices.
- Inform clients of all changes regarding the indices.
- Report and follow operational issues including risk management and process change.
- Managing input data (including storage).
- The process for validating input data, including against other indicators or data, to ensure its integrity and accuracy.
- Applying the Index methodology.
- Calculation of the Index levels.
- Validation of the Index related data and information.

8. INDEPENDENT SUPERVISOR

DESCRIPTION

The Independent Supervisor (also known as the Steering Committee) is an external committee that is responsible for the majority of index families and in particular approves changes relating to the constituent methodology of them.

RESPONSIBILITY

The responsibilities of the Independent Supervisor include the following:

- Review and approve the periodic reviews of the indices within the scope of the Independent Supervisor.
In doing so, the Independent Supervisor shall act on the basis of the rules of the index family and, in cases not covered, in the spirit of these rules.
In performing its duties the Independent Supervisor shall be guided by the best interests of index investors, the trading community, capital markets, and the public at large.
- Reviewing decisions regarding Corporate Actions that affect the selection of indices.
- Giving approval to a new rulebook that falls under their responsibility or proposed changes or refinements to an existing Rulebook relating to constituent methodology of the index, including selection, ranking and weighting.
- Providing advice, at the request of Euronext, regarding operational management of the index, including calculation, dissemination and corporate actions.
- Approve the cessation of any index that is under their responsibility (following a consultation procedure).

For more information on the Independent Supervisors, please consult the 'Rule of Procedure' which describes the responsibilities and composition of each Independent Supervisor. These documents are available online.

9. BENCHMARK OVERSIGHT COMMITTEE (“BOC”)

DESCRIPTION

The Benchmark Oversight Committee, hereafter “BOC”, provides independent oversight of all aspects of the governance of benchmark administration.

RESPONSIBILITY

The responsibilities of the BOC are the following:

- Report to the relevant competent authorities any misconduct by a Benchmark Administrator of which the oversight function becomes aware.
- Review the benchmarks’ definition and methodology at least annually.
- Meet with the Independent Supervisors at least annually.
- Oversee any changes to the benchmark methodology and be able to request the Benchmark Administrator to consult on such changes.
- Oversee the Benchmark Administrator's control framework, the management and operation of the benchmark.
- Review the decisions of the management body of the administrator.
- Review and approve procedures for cessation of the benchmark, including any consultation about a cessation.
- Assess internal and external audits or reviews, and monitor the implementation of identified remedial actions.
- Where the BOC becomes aware that the management body of a Benchmark Administrator has acted or intends to act contrary to any recommendations resulting from a decision of the BOC, it shall document this fact clearly and consider the relevant consequence.
- Complete documentation shall be maintained for at least five years of all aspects of the governance and decisions of the Committee in a manner that makes it accessible for future reference.
- The BOC shall promote awareness and compliance with the Policy by all parties involved.

The responsibilities described above will be fully implemented for Significant benchmarks and will be adjusted to be proportionate to the importance (assets under management) for non-Significant benchmarks.

The BOC reports to the relevant competent authorities on:

- Misconduct;
- Conflicts of interest;
- Potential conflicts of interests and safeguards;

For more information on the BOC, please consult the Benchmark Oversight Committee Charter which describes its responsibilities and composition.

10. INDEX PANEL

DESCRIPTION

Index Panel is an advisory committee for Index Design and Index Operations on all major aspects regarding operational management for all indices owned by Euronext.

RESPONSIBILITY

The responsibilities of the Index Panel are the following:

- Providing advice, at the request of Index Design, regarding operational management of the index, including calculation, launch, cessation, dissemination and corporate actions for all indices owned by Euronext.