

**Terms of Reference of the Index  
Oversight Committee of Sino-  
Securities Index Information Service  
(Shanghai) Co., Ltd  
V 1.0**

**April 2022**

Time of Revision	Version	Notes
2022.04.	V1.0	Rule-making.

## 1. General Provision

**Article 1** These rules are set up to strengthen the management of index business of Sino-Securities Index Information Service (Shanghai) Co., Ltd (“SNSI” or “the Company”), enhance the daily operation and maintenance of the Company's indices, and improve the compliance of the Company's index compilation business. The Index Oversight Committee has been established and these rules are formulated to supervise and review the indices compilation with the requirements of financial benchmark guidelines of the International Organization of Securities Commissions (IOSCO).

**Article 2** The Index Oversight Committee (the "Oversight Committee") is responsible for supervising the compilation and governance of corporate indices and reporting to the board of directors of the Company.

**Article 3** These rules and the information of members of the Oversight committee shall be disclosed on the SNSI's website, and shall be updated and disclosed in time if there is any modification.

## 2. Composition

**Article 4** The Oversight Committee is comprised of ten members, including three voting members and seven non-voting members. The three voting members includes two internal members and one external member. The Oversight Committee shall have one external chairman, one internal chairman, and one vice-chairman.

**Article 5** Members shall have the following qualifications:

- Members need to have professional knowledge and skills related to the index business and ensure regular participation in the daily work of the Oversight committee;
- Management of the Company, employees of the Company directly involved in the index business and the staff of the outsourcing agency shall not be voting members, but may be non-voting members or attend meetings without being a permanent member;

- Internal non-voting members are mainly from different business departments of the Company;
- At least two of the members are employees of the Company that are not directly involved in the Company's index business;
- The number of the members with conflicts of interest in the Oversight Committee shall not exceed simple majority.

**Article 6** The members of the Oversight Committee shall be nominated by the General Manager and appointed and dismissed by the Executive Management Team. The chairman shall be elected by the Oversight Committee.

**Article 7** The term of office of the members of the Oversight Committee is two years and they may be re-elected. During the term of office, if any member no longer holds the corresponding position of the Company or no longer meets the qualifications listed in these rules, he or she will automatically lose the membership. If members voluntarily resign for personal reasons, they shall submit an application to the Executive Management Team and may not resign until the application is approved.

**Article 8** In order to make the composition of the Oversight Committee meet the requirements of relevant laws, regulations and these rules, the Executive Management Team shall replace the unqualified members in time according to the specific circumstances, and ensure that the number of the Committee meets the requirements and conforms to the description in Article 4 of these Rules. The normal operation of work shall be guaranteed.

### **3. Duty**

**Article 9** The Oversight Committee shall oversee all aspects of the index determination and governance with the following responsibilities:

- Reviewing the governance structure and control framework of the index business at least annually;
- Reviewing relevant records and ensure that the Company's index related

- policies are reviewed at least annually;
- Reviewing relevant reports and ensure that index definitions and methodologies are reviewed at least annually;
  - Reviewing relevant reports to oversee any changes in methodologies, and to ensure that any material changes are in compliance with relevant policies and procedures of the Company (including that consultation with stakeholders has been undertaken, etc.);
  - Reviewing relevant reports to ensuring that any index termination procedures are in compliance with relevant policies and procedures of the company (including that consultation with stakeholders has been undertaken, etc.), and approving any index termination plan;
  - Reviewing periodic risk incident reports from the Risk Management Team in relation to index business, and evaluating any potential or existing conflict of interest and the effectiveness of the risk control measures;
  - Reviewing internal and external audit reports and monitoring the implementation of identified remedial actions;
  - Reviewing reports on internal whistle-blowing and external complaints, and making assessment on the settlement;
  - Reviewing periodic assessment records of third party suppliers and outsourcing service providers involved in the provision of the indices from relevant department;
  - Reviewing the summary reports on the exercise of “Expert Judgment” (if any), and ensuring its compliance with relevant policies of the Company;
  - Making decisions on countermeasures in case data suppliers violate the supplier code of conduct and supervising the implementation;
  - Staying up-to-date of any regulatory changes and any other changes inside and outside of the Company. The Oversight Committee may require relevant departments or staff to research, evaluate and make plans with regard to any matters that may affect the Company’s business or in relation to compliance issues, and to submit the results to Oversight Committee for further review;
  - Other duties to be exercised in accordance with relevant laws and regulations and relevant Company systems.

**Article 10** The members are entitled to access all documents and records of the Company as they deem necessary to perform their duties, and relevant departments shall act in cooperation.

**Article 11** External members need to sign the Compliance statement of the Index Oversight Committee during the appointment period. Individual members shall not engage in commercial activities and all kinds of violations of compliance statements in the name of the Oversight Committee.

**Article 12** The Oversight Committee may, as required, engage outside experts or consulting agencies to provide independent professional advice at the expense of the Company.

#### **4. Conference mechanism**

**Article 13** The Oversight Committee meets quarterly. Upon the proposal of the board of directors or more than two members, the Oversight committee may convene an interim meeting by telephone or other forms of communication.

**Article 14** The meetings of the Oversight Committee shall be attended by more than two thirds of the members, including at least two voting members. The meeting shall be presided over by the Internal Chairman, who may entrust other members to preside when he is unable to attend, and the External Chairman and the Vice-chairman shall ensure that at least one participates in the meetings of the Oversight Committee and chairs them in conjunction with the Internal Chairman,. The Oversight Committee may require the relevant staff to attend the meeting and explain or report on the relevant matters.

**Article 15** If all the members present at the meeting cannot agree on a bill, the committee will vote on it. Each voting member shall have one vote. Resolutions made at the meeting must be adopted by two or more voting members and shall comply with these rules on voting rights.

**Article 16** All members of the Oversight Committee shall, prior to each meeting, disclose any potential conflicts of interest and recuse themselves in the event of such conflicts, which shall be recorded in the minutes.

**Article 17** The General Manager shall suspend the voting rights of an outside voting member in respect of the organization or the voting matter on which the member represents a direct commercial influence.

**Article 18** The Oversight Committee shall promptly report to the Board of Directors any misconduct by the Company's personnel or data providers and any abnormal or suspicious data that it discovers in the course of its duties.

**Article 19** The General Administration Department of the Company is responsible for the daily work liaison of the Oversight committee, collects the reports to be submitted to the Oversight committee by each department, organizes meetings, records, arranges and keeps the minutes of the meetings, which should be kept for at least five years.

**Article 20** The Oversight Committee shall form a special report to the Board of Directors on matters considered and supervised within its mandate each year.

## **5. Supplementary Provisions**

**Article 21** These articles of association shall come into force after being reviewed, approved and signed by the General Manager. These articles of association are amended and interpreted by the Index Oversight Committee of the Company.

**Article 22** These articles of association shall come into force on the date of release.

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