



BANK OF ENGLAND

# SONIA Advisory Committee

## Terms of Reference

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### Constitution

The SONIA Advisory Committee is a committee of the Bank of England.

### Role and purpose

The SONIA Advisory Committee will provide advice to the Bank in its capacity as the SONIA Administrator, by providing challenge on all aspects of the benchmark design and the determination of the benchmark produced by the Calculation and Publication agent.

This applies to SONIA whilst its inputs are from the WMBA member firms.

### Main responsibilities

Provision of advice on SONIA benchmark design, including:

- Advice on any changes required to the benchmark determination for as long as the benchmark remains based solely upon brokered transactions. For example, the changes required as a result of the extension of the CHAPS and CREST settlement days;
- Review of any suggested changes to the benchmark methodology, including assessing whether the methodology continues to appropriately measure the underlying Interest; and
- Review of procedures for termination of the benchmark.

Provision of advice on the integrity of the SONIA benchmark determination and control framework of the Calculation and Publication agent, including:

- Scrutiny of inputs to the benchmark and any suspicious activities on a quarterly basis in order to advise the Benchmark Administrator;

- Review of any short falls of those providing benchmark inputs to comply with the Data Quality Code;
- Scrutiny of the benchmark operational risks;
- Measures to remain informed about issues and risks to the benchmark;
- Review of the documentation associated with the benchmarks; including but not limited to the Data Quality Code.

### **Membership**

- Bank of England staff
- Representative of the Calculation and Publication agent
- Representatives of the data providers
- Market Infrastructure providers
- Users of the SONIA benchmark

Members attend in a personal capacity, based on experience and market knowledge. The exceptions are those members from the Bank of England and the Chief Executive of the WMBA who are *ex-officio*.

### **Quorum**

A quorum consists of 5 members, representing the Bank of England, the WMBA and 3 other institutions. Members present by telephone will count towards the quorum.

### **Decision Making**

The SONIA Advisory Committee has no formal decision-making authority.

### **Conflicts of interest**

Committee members are responsible for identifying and declaring any conflicts of interest.

### **Confidentiality**

Any information disclosed or opinions expressed during committee meetings will be treated as confidential unless and until the chair has authorised their public release. Committee members may be exposed to sensitive information and, potentially, to material non-public information in the course of their work.

## **Competition Law**

It is the responsibility of committee members to ensure they understand their responsibilities under all applicable competition laws, including UK and EU competition law. To the extent any committee member is unclear of these, they should consult the legal and/or compliance teams at their respective institution for further guidance. If, during a committee meeting, a member has concerns about the discussion from a competition law compliance perspective, the members should make their concerns known and the discussion giving rise to such concerns should cease.

## **Meetings**

Four planned meetings a year; however, additional meetings may be called as required.

The Bank will provide the secretariat, including scheduling of meetings, the preparation of agendas and minutes, and tracking follow-up actions. Draft minutes will be circulated within ten working days of the meeting. Once agreed by the committee, minutes will be published on the Bank's website.

Relevant papers/material to be considered at a meeting will be circulated at least three working days before the meeting, including regular reporting items provided by the WMBA. This timeframe may be reduced with the consent of the chair.

## **Reporting**

The Chair is responsible for reporting on the committee's activities to the Bank's internal governance.

**Annex – List of current members**Committee Members:

Sarah John	Bank of England, Head of Sterling Markets Division (Chair)*
Will Parry	Bank of England, Senior Manager Benchmarks*
Alex McDonald	WMBA, Chief Executive*
David Clark	WMBA
Ian Mair	LMMA
Phil Whitehurst	LCH.Clearnet
Brad Jeffery	BGC Partners
Philip Chilvers	ICAP
Peter Weston	Tradition Financial Services
Rob Thurlow	Mizuho

Other attendees:

Bank of England and WMBA Contract Representatives\*

\* denotes *ex officio*