



BANK OF ENGLAND

SONIA Oversight Committee

Terms of Reference

Constitution

The Bank of England's governing body is its board of directors, known as Court. Court delegates to the Governor the day-to-day management of the Bank, including the discharge of statutory functions, while reserving certain key decisions to itself.¹ This delegation includes the administration of the SONIA benchmark – this is a non-statutory function.

In accordance with the powers delegated by Court, the Governor has constituted the SONIA Oversight Committee as a committee of the Bank.

Role and purpose

The SONIA Oversight Committee reviews and provides challenge on all aspects of the benchmark determination process and provides scrutiny of the administration of SONIA. In doing so, it is a key tool in the management of the Bank's conflicts of interest as SONIA administrator.

As the accountable Senior Manager, Deputy Governor for Markets and Banking is responsible for the effectiveness of the policies and processes that govern the Bank's administration of SONIA, as well as their day-to-day delivery. The Committee can provide advice to Deputy Governor for Markets and Banking with respect to their responsibilities, but the Committee itself does not have executive decision making powers.

Responsibilities

The responsibilities of the Committee include:

- overseeing the periodic reviews of the benchmark methodology with a view to ensuring that it continues adequately to measure the underlying interest, and if necessary oversee any changes to the methodology;
- overseeing the administrator's control framework, management and operation of the benchmark, commissioning audits as necessary;
- overseeing the data quality controls, and the administrative arrangements for addressing breaches of the Reporting Instructions and escalating suspected misconduct; and
- monitoring the frequency of errors and republications and the actions of the administrator in challenging or validating input data.

¹ In the event that a matter falls within the scope of "matters reserved to Court" as set out in Court's publication "Governance of the Bank including Matters Reserved to Court", that matter would be for Court to decide.

Membership

- Chief Operating Officer, Bank of England (Chair)
- Deputy Governor, Markets and Banking, Bank of England
- Executive Director, International Banks Supervision, Bank of England
- Director, Financial Market Infrastructure, Bank of England
- Two members external to the Bank of England, appointed by the Chair

Members from the Bank of England are *ex-officio*.

External members attend in a personal capacity, and are selected by an open application process with due regard to the necessity to avoid conflicts of interest and the need for independent scrutiny based on experience at a senior level in industry. External members are appointed for two or three year terms, with the possibility of renewal for a further three year term.

The Executive Director of Markets; the Head of the Markets & Banking Chief Operating Officer Division; and the Head of Bankwide Risk Division attend meetings but are not members of the Committee.

The Committee's secretariat is provided by the Bank's Sterling Markets Division.

Quorum

The quorum shall be three members, present or by telephone, including at least one external member.

If the Chief Operating Officer is not present, the meeting will be chaired by the Executive Director, International Banks Supervision. In their absence, it would be chaired by the Director, Financial Market Infrastructure.

Meetings

The Committee will meet at least three times a year; additional meetings may be called as required.

Relevant papers and materials to be considered at a meeting will be circulated at least four working days before the meeting. This timeframe may be reduced with the consent of the Chair.

Draft minutes will be circulated within ten working days of the meeting, and finalised by written procedure.

Making recommendations

The Committee does not make executive decisions for the Bank. The minutes will reflect recommendations made to the Bank on the administration of SONIA. Where consensus cannot be reached on such recommendations, members' different views will be reflected within the minutes.

All recommendations from the Oversight Committee to the Bank will be recorded and tracked by the Secretariat, with the Bank's response reported back to the Committee.

Conflicts of interest

Committee members must abide by the SONIA Oversight Committee "Conflicts of Interest Code of Practice" to ensure conflicts are managed appropriately.²

² www.bankofengland.co.uk/-/media/boe/files/markets/benchmarks/sonia-oversight-committee-conflict-of-interest-code-of-practice

Confidentiality

Any non-public 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 highly sensitive information and to material non-public information in the course of their work.

Reporting

Meeting minutes will not be made public.

Review

These Terms of Reference will be reviewed on an at least annual basis and amended as required.

Last reviewed April 2018

Annex – Members

- Jo Place Chief Operating Officer, Bank of England (Chair)
- Dave Ramsden Deputy Governor, Markets & Banking, Bank of England
- Sarah Breeden Executive Director, International Banks Supervision, Bank of England
- David Bailey Director, Financial Market Infrastructure, Bank of England
- Richard Moore External, Chair of the SONIA Stakeholder Advisory Group
- Julia Black External

As at May 2018