

# TERMS OF REFERENCE FOR THE INTEREST RATE VALUATIONS ADVISORY COMMITTEE

## 1.0 Constitution

- 1.1 The JSE Limited (“JSE”) has established the Interest Rate Valuations Advisory Committee (“IRV AC”).
- 1.2 The IRV AC will consist of independent industry experts in the valuations of interest rate instruments and debt portfolio management within the South African debt market.

## 2.0 Purpose

- 2.1 The purpose of the AC is to provide a forum for the JSE to interact with stakeholders impacted by valuations of interest rate instruments and to make recommendations to the JSE executive committee (“JSE Exco”) and accordingly, contribute to the enhancement of the underlying methodologies, communication practices and operational processes in relation to the valuation of interest rate instruments.

## 3.0 Responsibilities

- 3.1 The responsibilities of the IRV AC are to:
  - discuss proposed changes to the valuation methodologies applied to interest rate instruments;
  - make recommendations for changes to the valuation methodologies applied to interest rate instruments;
  - periodically review the existing valuation methodologies for interest rate instruments;
  - provide guidance on the enhancement of existing operational principles and communication practices regarding the valuation of interest rate instruments; and
  - provide guidance on any other valuation of interest rate instrument issues referred to it by the JSE.

## 4.0 Members

- 4.1 Appointment to the IRV AC is by invitation only and extended by the JSE on a personal level to individual market practitioners. Members of the IRV AC will include those experienced in the day-to-day valuations of interest rate instruments, management of debt portfolios and those able to advise the JSE in terms of the AC’s purpose and responsibilities. Individuals may also be invited for membership of the IRV AC from organisations that make use of the JSE valuations data including industry bodies, asset management companies, investment consultants and investment banks.
- 4.2 The chairperson of the IRV AC (“IRV AC Chairperson”) is appointed by the JSE in its sole discretion, for a period of three years, with the possibility of re-appointment for subsequent term(s).

- 4.3 The members of the IRV AC are to be nominated by the JSE and approved by the IRV AC Chairperson. Members will retain membership for a period of three years with the possibility of re-appointment for subsequent term(s).
- 4.4 Prospective members of the IRV AC will be provided with a letter of invitation to join the IRV AC, Terms of Appointment and these Terms of Reference. Individuals to whom membership is offered will be required to sign a copy of the letter of invitation confirming their acceptance of its terms, the Terms of Appointment and these Terms of Reference.
- 4.5 Each member of the IRV AC undertakes to keep the Terms of Appointment and any other information disclosed by the JSE, IRV AC or members of the IRV ACT under their appointment or obtained in the course of membership on the IRV ACT confidential (“**Confidential Information**”). Each member of the IRV AC shall:
- 4.5.1 not use or disclose the Confidential Information except for the purposes of supplying the information to the JSE in terms of the IRV AC;
  - 4.5.2 not grant access to or disclose the Confidential Information to any other person, save to its staff on a need to know basis, without the prior written consent of the IRV AC Chairman and then only such of the Confidential Information for the specific purpose for which the consent is sought;
  - 4.5.3 require any other person including its staff to whom access or disclosure of the Confidential Information is granted to sign an undertaking on similar terms as the IRV AC member undertaking set out herein; and
  - 4.5.4 shall use the same standard of care (which shall not amount to less than a reasonable standard of care) in protecting the Confidential Information, as it uses to protect its own confidential information.
- 4.6 If a member of the IRV AC (including the IRV AC Chairperson) has an actual or potential conflict of interest or any other relationship that might impact/influence the fair assessment with respect to a particular IRV AC meeting agenda item, he/she shall declare the conflict of interest to the IRV AC Chairperson (or member of the IRV AC in the case of the IRV AC Chairperson) in writing and not participate in the debate of that item.
- 4.7 The JSE, to the extent permitted by law, shall indemnify and hold harmless the members of the IRV AC (including the IRV AC Chairperson) from and against any claim or other proceeding which the members of the IRV AC or the IRV AC may suffer or incur directly as a result of any claims, actions, proceedings or judgment which may be established against such members of the IRV AC or the IRV AC, provided that no indemnity shall apply in respect of claims which arise as result of the gross negligence, fraud or wilful misconduct of the members of the IRV AC or the IRV AC.

## 5.0 Meetings and Quorum

- 5.1 The IRV AC will meet each quarter to conduct business in accordance with its responsibilities set out in paragraph 3.
- 5.2 The quorum for all meetings of the IRV AC is three members, together with the IRV AC Chairperson or his/her appointed representative and one JSE representative.

- 5.3 An extraordinary meeting of the IRV AC may be convened in the sole discretion of the JSE or the IRV AC Chairperson.
- 5.4 The agenda and minutes from previous IRV AC meetings will be distributed five working days prior to the next scheduled meeting via e-mail to IRV AC members. The draft minutes and action sheet of every IRV AC meeting are to be reviewed by the IRC AC Chairperson and circulated to IRV AC members as soon as it is practical.
- 5.5 The minutes of the IRV AC meetings are to be approved by all of the members of the AC and the IRV AC Chairperson.
- 5.6 Outcomes and key discussion items from every IRV AC meeting will, subject to confidentiality restrictions, be made available on the JSE web page.

**6.0 General**

- 6.1 Any recommendations made by the IRV AC following discussion of any item, will be made by reasonable consensus. Where reasonable consensus cannot be reached on a particular issue, the conflicting views will be referred to the JSE Executive for final determination.
- 6.2 The Terms of Reference for this IRV AC shall be reviewed annually by the JSE.