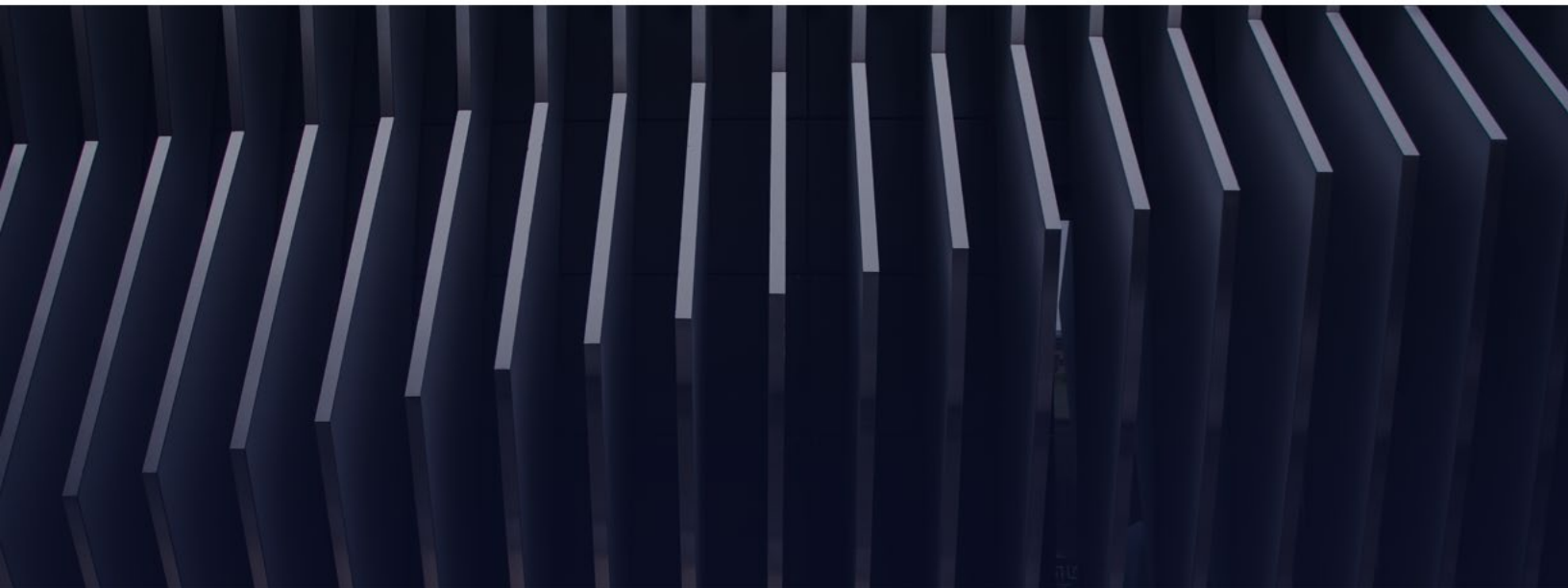


Wilshire Indexes

Wilshire OpCo UK Limited Governance Framework

September 2024



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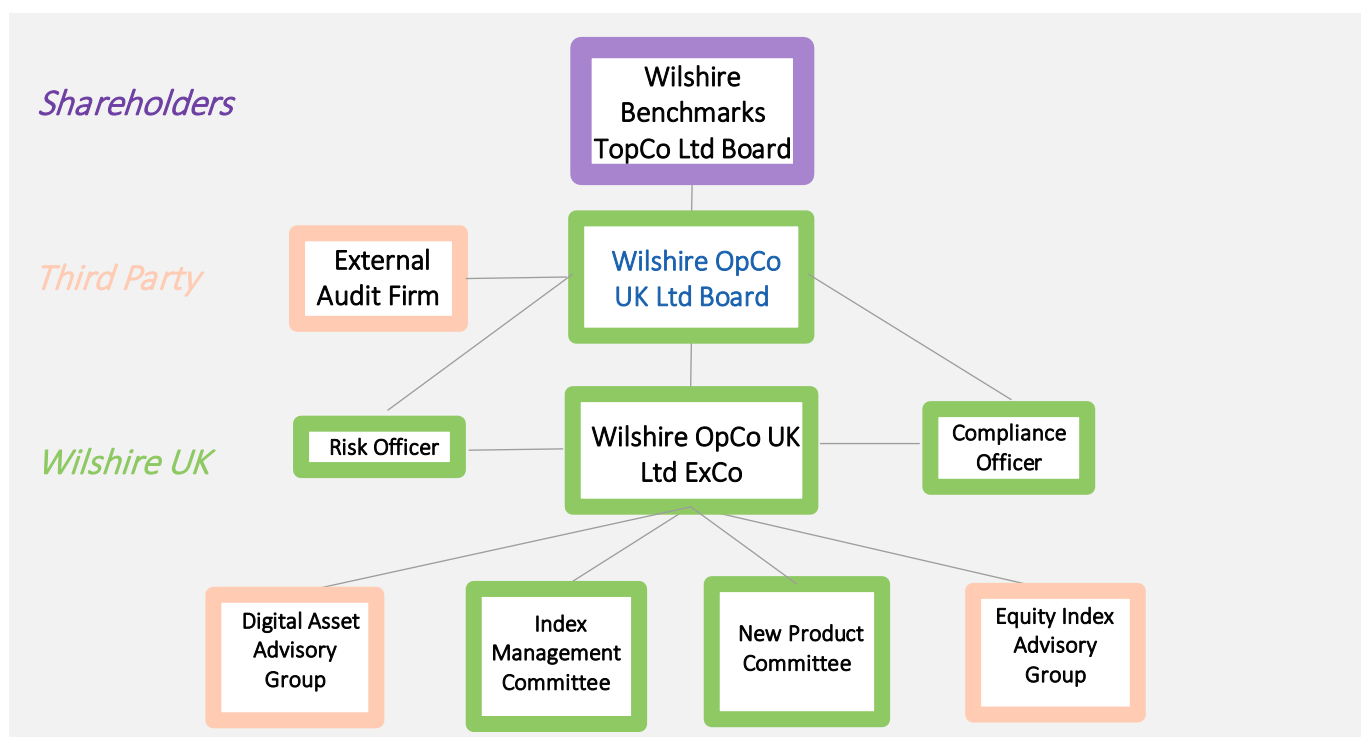
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Introduction

Wilshire Indexes¹ provides benchmarks² and analytics to asset owners, investment managers, trading desks and investment consultants. Wilshire OpCo UK Limited is the UK entity of Wilshire Indexes. Wilshire OpCo UK Limited is authorised by the UK Financial Conduct Authority as a benchmark administrator under the UK Benchmark Regulation (UK BMR). It is a wholly owned subsidiary of Wilshire Benchmarks TopCo Limited which is the vehicle set up for investors including companies within the Wilshire group and other external shareholders.

As the regulated entity, Wilshire OpCo UK Limited is responsible for all aspects of compliance with the UK Benchmark Regulation and the IOSCO Principles for Financial Benchmarks. The various bodies that are involved, directly or indirectly, in the governance of Wilshire OpCo UK Limited are shown in the figure below. The remainder of the document summarises the various bodies according to their position in the traditional three lines of defence.



Governing Body

Board of Directors

The Board of Directors of Wilshire OpCo UK Limited has overall responsibility for overseeing the strategic direction of the business and the overall management of Wilshire OpCo UK Limited, its financial operations, and the controls, procedures and policies that are required under the UK legal and regulatory framework to provide the benchmark business and related services and products to its clients, and of its staff. To that end, it receives reports from the Wilshire OpCo UK Limited Chief Executive Officer, Chief Operating Officer, Risk Officer and Compliance Officer.

¹ Wilshire Indexes is the trading name of Wilshire Benchmarks TopCo Limited and its subsidiary companies, including Wilshire OpCo UK Limited

² The term “benchmark” is used in this document as defined in the EU Benchmark Regulation (2016/1011) which forms part of UK law by virtue of the European (Withdrawal) Act 2018 (UK BMR).

The Board of Directors is chaired by Mark Makepeace. Mark was previously CEO of FTSE International Ltd which he founded in 1995.

First Line of Defence

Index Management Committee

The Index Management Committee is responsible for the day-to-day management of Wilshire Indexes benchmarks. The Index Management Committee maintains and ensures adherence to the documents that specify the maintenance procedures for Wilshire Indexes benchmarks including the index methodology documentation, benchmark statements, the Wilshire Indexes Equity Index Calculation and Corporate Action Guide, the Wilshire Indexes Error Correction Policy for Equity Indexes, and the Wilshire Indexes Policy for the Exercise of Expert Judgement.

The Index Management Committee is responsible for taking decisions where expert judgement is required, for example with respect to the implementation of complex corporate events and decisions with respect to the eligibility of securities. It also acts as the first line of investigation should a complaint be received from an index user or other stakeholder and will make a recommendation to the ExCo as to most appropriate means of responding to the complaint.

The Index Management Committee is chaired by the Benchmark Administration Manager, Chris Woods. Chris served for eleven years as Head of Index Policy at FTSE International Ltd where he also held governance, risk and compliance responsibilities.

Executive Committee

The Wilshire OpCo UK Limited Executive Committee (ExCo) is mandated by the Board of Directors of Wilshire OpCo UK Limited to oversee the day-to-day operations of the Wilshire OpCo UK Limited business whilst ensuring that all aspects of the administration of the benchmarks maintained by Wilshire OpCo UK Limited remain compliant with the UK Benchmark Regulation (UK BMR) and the IOSCO Principles for Financial Benchmarks. This includes oversight of third party vendors and service providers.

The ExCo maintains and implements the organisational policies, procedures and controls that are required for the administration of benchmarks. These documents include the Wilshire Indexes Code of Ethics, Wilshire Indexes Compliance Manual, Wilshire Indexes Conflicts of Interest Policy, Wilshire Indexes Market Abuse Policy, Wilshire Indexes Queries and Complaints Policy, and the Wilshire Indexes Benchmark Approval, Change and Cessation Policy. It also approves the publication of the Wilshire Indexes Statement of Compliance with the IOSCO Principles for Financial Benchmarks, and the Wilshire Indexes ESMA Guidelines on ETFs and Other UCITS Issues with respect to how Wilshire Indexes can assist users of Wilshire benchmarks in their compliance with the ESMA Guidelines on ETFs and UCITS Issues.

The ExCo receives reports from the Index Management Committee with respect to issues arising from the administration of benchmarks including any complaints received from index users or other stakeholders. In the event of a complaint, the Index Management Committee will investigate and provide a report to the ExCo that includes a recommendation on the most appropriate means of resolving the complaint. The final decision on how to respond to the complainant, and whether the subject index should be recalculated, will be taken by the ExCo.

The ExCo also receives reports from the Wilshire Indexes Risk and Compliance Officers and will determine whether any procedural changes or other mitigating measures are required should the Risk or Compliance Officers identify any undue operational or regulatory risks.

In accordance with the Wilshire Indexes Benchmark Approval, Change and Cessation Policy, the ExCo is responsible approving the launch of new benchmarks, for approving changes to an existing benchmark methodology, and for approving the termination of a benchmark. When taking such decisions, the ExCo will seek input from the New Product Committee with respect to any internal operational considerations that should be taken into account, and from either the Equity Index Advisory Group or the Digital Asset Advisory Group (as appropriate) with respect to the requirements of index users and other market participants.

The ExCo is chaired by Reza Ghassemieh who served for ten years as Chief Operating Officer and Chief Research Officer at FTSE International Ltd.

New Product Committee

The New Product Committee provides a forum for the discussion of potential new product launches. It is responsible for ensuring that any technical or operational changes required for the administration of a proposed index are in place before the index is launched. The New Product Committee reports to the ExCo and that committee provides the final approval for the launch of a new product.

Equity Index Advisory Group

Wilshire Indexes maintains the Wilshire Indexes Equity Index Advisory Group (EIAG) that draws its membership from senior personnel working at asset owners and asset managers. The EIAG acts as a sounding board for potential changes to index methodologies, as well as providing ideas for new, benchmark related products.

The EIAG is chaired by Jack Ehnes who was previously Chief Investment Officer of CalPERS, the California pension fund for public sector employees.

Digital Asset Advisory Group

The Wilshire Indexes Digital Asset Advisory Group (DAAG) is convened to capture the collective perspectives and insights of investors, intermediaries and infrastructure providers and to aid Wilshire Indexes in identifying trends and offering feedback on the suitability, eligibility and treatment of digital assets in blended prices, indexes and the taxonomy system administered by Wilshire Indexes.

The DAAG is chaired by Mark Makepeace, Chair of the Board of Directors of Wilshire OpCo UK Limited.

Second Line of Defence

Risk Officer

The Wilshire Indexes Risk Officer maintains the Wilshire Indexes Risk Register which summarises the client, legal, regulatory & compliance, technology, operational, supplier, finance and HR risks that Wilshire OpCo UK Limited may be subject to. The Risk Officer is responsible for presenting the Risk Register to the ExCo so that the ExCo can put in place mitigating measures for those risks highlighted as being of high impact or high likelihood. The Risk Officer also presents the register to the Wilshire OpCo UK Limited Board of Directors so that they can exercise their oversight responsibilities and assess the adequacy of the mitigation measures put in place by the ExCo.

In the event of an issue being discovered related to the incorrect determination of a benchmark, or a complaint being lodged alleging an incorrect determination of a benchmark, the Risk Officer will enter the incident in the Wilshire Indexes Incidents and Complaints log. The Risk Officer will present the log to the ExCo so they can determine whether the issues highlighted require changes to index management procedures or the control framework. The Risk Officer also presents the log to the Wilshire OpCo UK Limited Board of Directors so that they can exercise their oversight responsibilities and assess the adequacy of the remedial measures put in place by the ExCo.

Compliance Officer

The Wilshire Indexes Compliance Officer is responsible for monitoring the compliance of Wilshire OpCo UK Limited with the UK Benchmark Regulation and the IOSCO Principles for Financial Benchmarks. The Compliance Officer provides reports to the ExCo summarising the regulatory compliance of Wilshire OpCo UK Limited so that appropriate procedural changes can be put in place in the event of a compliance breach being identified. The Compliance Officer also presents their reports to the Wilshire OpCo UK Limited Board of Directors so that they can exercise their oversight responsibilities and assess the adequacy of the remedial measures put in place by the ExCo.

In the event of a significant compliance breach, the Compliance Officer is responsible for notifying the FCA or other regulatory authority.

Third Line of Defence

Audit

The Wilshire OpCo UK Limited Board of Directors has the power to commission independent assurance reports assessing the adequacy of the control framework of Wilshire OpCo UK Limited, including the firm's compliance with the UK Benchmark Regulation and the IOSCO Principles for Financial Benchmarks, from a reputable external consultancy firm. Any adverse findings from these reports will be discussed with the ExCo so that appropriate remedial measures can be put in place.

Document Approval

This Governance Framework document was approved by the Wilshire OpCo UK Limited Executive Committee.

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Contact Us

wilshireindexes.com/contact

About Wilshire Indexes

Wilshire Indexes provides institutional investors, asset managers and retail intermediaries with a global benchmark platform that offers global coverage of the markets through the leading FT Wilshire Index Series.

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