BITA

Index Termination and Business Continuity Policy

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www.bitadata.com

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Log of Amendments

1) 15.05.2019   - v1.0. First open publication of termination policy

Document and Company Background

ABOUT THE DOCUMENT

Indexes are normally launched without any defined or pre-arranged limitations in terms of future availability and dissemination. However, there may be certain circumstances where a termination of an Index may be required. The present document serves to describe the considerations and processes followed by BITA when deciding to terminate an Index or an Index series. Our policy has been drafted in accordance with the IOSCO Principles and the EU Benchmark Regulation directives.

ABOUT BITA

BITA is a Germany-based Fintech that provides enterprise-grade indexes, data, and infrastructure to institutions operating in the passive and quantitative investment space. Thanks to BITA's innovative index software, designed to outperform other existing solutions in terms of flexibility and speed, BITA is able to provide independent, methodologically-sound indexes that both are investable and replicable by customers and stakeholders. All of BITA's methodologies and processes are completely transparent and available publicly.

Policy Content

1. SCOPE AND OVERSIGHT

1.1. Scope

This policy applies to all standard indexes calculated and administered by BITA. For customized indexes where BITA acts as the index administrator, any proposed index termination will be discussed with the respective clients.

1.2. Oversight

The design, control and enforcement of any process regarding Index Termination falls into the responsibility and discretion of the BITA Index Management Board ("BIMB"), with oversight and final approval under the responsibility of the BITA Oversight Function.

The design, control and enforcement of any process regarding Business Continuity and Disaster Recovery falls into the responsibility and discretion of the BITA Management Committee ("BMC"), with oversight and final approval under the responsibility of the BITA Oversight Function.

Any department within BITA has the capacity to identify the necessity for an index termination. However, any final proposals regarding terminations are to be prepared, and coordinated in their implementation, by the BIMB.

2. REASONS FOR TERMINATION

BITA may contemplate withdrawing/terminating an index or index series for various reasons, including but not limited to:

- Unavailability of data that makes it technically impossible to continue compiling the index/index series.
- Lack of eligible securities for constituent selection.
- Insufficiency of users and, thus, little demand for the index/index series.
- Regulatory change that result in BITA no longer being able to calculate or administer the index/index series.
- Following an index/index series review, removal of an index/index series that has similar objectives and/or methodologies to another index/index series in the BITA Family of Indexes.
- Any other events that make the Index no longer representative of its intended scope.

3. TERMINATION PROCEDURES

If cases where BITA contemplates the termination of an index or index series, the following actions are to be taken:

3. 1. Preliminary Actions

Before the presentation of the termination case to the BITA Index Management Board, the following procedures are required:

- Creation of an index termination preliminary proposal, including reasons for termination.
- Identification and mapping of relevant stakeholders for subsequent consultation.
- Draft of an operational plan for implementation of index termination.

3. 2. Termination Procedure for Indexes with No Customers

After the BITA Index Management Board has reviewed the case, and taken the decision of moving forward with the termination, the following steps will follow:

- Presentation to the BITA Oversight Function for final approval
- Notice period of at least 10 days, unless the reason for termination makes it impossible for BITA to comply with this notice period.
- Termination announcement in BITA's website and all relevant channels, including reasons and background of termination decision.
- Documentation of all reasons, decisions and potential stakeholder comments for future audits.

3.3. Termination Procedure for Indexes with Live Customers

After the BITA Index Management Board has reviewed the case, and taken the decision of moving forward with the termination, the following steps will follow:

- Presentation to the BITA Oversight Function for final approval
- Official written notification is issued to all relevant stakeholders and index licensors.
- Notice period of at least 30 days, unless the reason for termination makes it impossible for BITA to comply with this notice period.
- Termination announcement in BITA's website and all relevant channels, including reasons and background of termination decision.
- Documentation of all reasons, decisions and potential stakeholder comments for future audits.

4. BUSINESS CONTINUITY MANAGEMENT

BITA GmbH has adopted a range of operational risk containment measures to ensure uninterrupted operations and client service. These measures are encompassed within the framework of a Business Continuity Plan (BCP).

4,1. The Business Continuity Plan

The Business Continuity Plan is focused on following aspects:

- Determination of important risks and emergency scenarios for the purpose of functionality
- Identification and classification of critical processes
- Identification and description of preventive and contingency measures to guarantee service continuity
- Execution of disaster recovery processes
- Definition of the organizational structure for maintenance of BCP, management of contingency and disaster recovery activation.

The business continuity plan together with "disaster recovery" plans are reviewed each by the BITA Management Committee (BMC) and forwarded to the BITA Oversight Function. The BCP is the subject to internal revision and yearly internal audits to assess its sustainability for company requirements and the revised continuity management techniques.

4.2. Emergency Scenarios

The emergency scenarios considered in the BCP range from the unavailability of individual internal or external resources to the complete failure of critical systems.   Main emergency scenarios are:

1. IT system failures due to hardware or software components, weaknesses in IT system and other bugs, including the inability to timely recover.
2. Unavailability of external resources (data providers, service providers, public utilities).
3. A loss of human resources which result an inability to scale the service to meet business needs, system interruptions, degradation of service or operational mistakes.

4.3. Preventative Measures

To manage main emergency scenarios, the following contingency measures are adopted as part of the BCP:

1. IT system failures due to hardware or software components, weaknesses in IT system and other bugs, including the inability to timely recover:

- identification and comprehensive analysis of dependencies between critical IT processes and the relevant supporting IT systems
- presence of an alternative IT system backup and recovery procedures for critical software and data
- IT performance and capacity planning and monitoring solutions for critical IT systems and services with defined availability requirements, to detect important performance and capacity constraints in a timely manner

- Testing of IT availability and continuity solutions, against a range of realistic scenarios including cyber-attacks, fail-over tests and tests of back-ups for critical software and data
- performance of intrusion detection tests, penetration tests, etc.
- disaster recovery plan setup

2. Unavailability of external resources (data providers, service providers, public utilities).

- continued evaluation of suppliers' operational performance
- where possible contracting of a redundant supplier
- where possible contracting of separate provider per specific procurement
- development of alternative sourcing strategies
- recourse to the contingency measures provided by the respective suppliers

3. A loss of human resources which result an inability to scale the service to meet business needs, system interruptions, degradation of service or operational mistakes:

- development of key operational manuals for each critical activity, specially related to the provision of indexes
- 4 eyes principle across the company to ensure more than one expert available per critical functionality
- development of a documented incident management and escalation process, which provides guidelines on different incident management, escalation roles and responsibilities, members of business continuity team, and the chain of command in case of emergency

4.4. Disaster Recovery

Disaster recovery measures are considered as resources at the disposal of the continuity plan. They help to limit the consequences of an event that renders production systems unavailable.

Whenever possible, disaster recovery activation mechanisms are programmed directly within each system component, for automatic activation. When automatic recovery is not possible the operator of duty is authorized to manually execute recovery measures to ensure quick re-activation of systems and processes.

BITA has long-term plans for the establishment of fully-deployed disaster recovery locations and infrastructure, to avoid risks in cases of total loss of systems.

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