



FOCUS

# Benchmark Regulation

Updated in June 2020

### ■ What is Benchmark Regulation (BMR)?

A framework to ensure the accuracy and integrity of benchmarks produced or used in the EU

**An index is** any figure published or “made available to the public” and regularly determined

**A benchmark is:**

- Any index by reference to which the amount payable under an instrument/contracts, or the value of an instrument, is determined
- or
- An index that is used to measure the performance of an investment fund

■ **Aims of BMR** : restore confidence in benchmarks and protect consumers and investors through greater transparency

■ **Scope of entities** :

- Benchmark Administrators
- Benchmark Contributors
- Benchmark EU-supervised Users

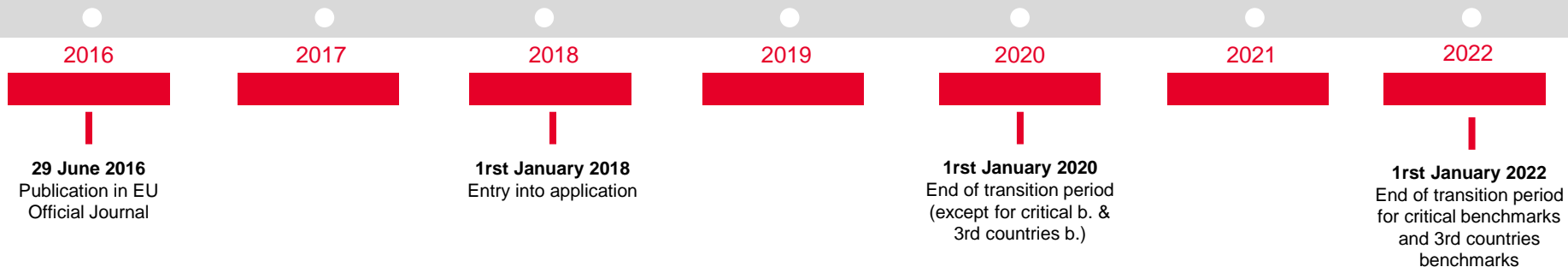
■ **BMR introduces obligations** for benchmarks Administrators, Contributors and Users notably on:

- conflict of interest management
- governance and controls over the benchmark-setting process, methodologies using sufficient, accurate and representative data

■ **Categories of benchmarks:** critical, significant or non-significant (depending on the extent of their use)

■ **Transition period:**

BMR regulation applied from 1st January 2018, with a transition period ending 1st January 2022 (for critical benchmarks and for 3rd-countries benchmarks), and 1st January 2020 for other benchmarks



Updated on 30 June 2020

## STATEMENT

 Key Obligations for Administrators:

- Methodology : develop a transparent methodology, prefer transactional data and publish code of conduct regarding input data, publish a procedure in case of changes/cessation of a benchmark
- Governance : apply for registration to NCA and apply for benchmarks registration at ESMA, put in place robust governance, publish existing/potential conflicts of interests, set up conflicts of interest policy

 Key Obligations for Contributors:

- Meet administrator's code of conduct of input data
- Meet governance and control rules

 Key Obligations for Users:

- No use of unregulated benchmarks
- Ensure that prospectus issued state that the benchmark is included in ESMA's register
- Establish contingency plans to anticipate a benchmark changes or ceases to exist and reflect those plans in legacy and new contractual documentation with clients in order to manage IBOR transition

## FOR YOUR CONSIDERATION

- BMR is going to happen in parallel with IBOR transition, the transition to the alternative "Risk Free Rates"
- The €STR has first been published on 2 October 2019. The EONIA, however, continue to be published in the form of an €STR "tracker" until 3 January 2022, but it is now published on D+1 (at 9.15 am)
- 11 October 2019: European Commission launched a consultation on Benchmark Regulation review, answers were due on 6 December 2019
- 9 March 2020: ESMA launched a consultation on Draft Regulatory Standards under the Benchmark Regulation, answer on 8 June 2020.

Contact SGSS/CAO/REG:


[marie-claire.de-saint-exupery@sgss.socgen.com](mailto:marie-claire.de-saint-exupery@sgss.socgen.com)

 If you want to know more, refer to  
Fiche BMR to know more

*"This document is for informational purposes only. Under no circumstance should it, in whole or in part, be considered as an offer to enter into a transaction. This document is not intended to have an advisory character or intended to represent an investment recommendation or a recommendation regarding a certain strategy, product or service. Although information contained herein is from sources believed to be reliable, Société Générale makes no representation or warranty regarding the accuracy of any information and is not responsible for errors of any kind. Any reproduction, disclosure or dissemination of these materials is prohibited. The products and services described within this document are not suitable for everyone. This document is not intended for use by or targeted at retail customers. All of the products and/or services described may not be available in all jurisdictions"*