



Benchmark Regulation

FOCUS

Updated in December 2019

■ 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

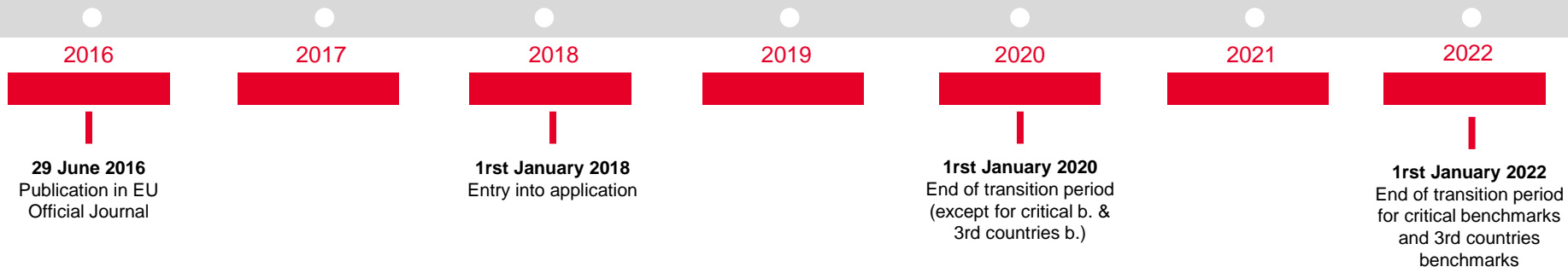
■ **BMR introduces obligations** for benchmarks Administrators, Contributors and Users notably on:

- 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 December 2019

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, answer is due before 6 December 2019 and the Commission should submit a report to co-legislator by 1 January 2020

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