



European Money Markets Institute

Benchmarks Consultation Policy and Procedure

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1. Introduction

The EMMI General Assembly adopted this Benchmarks' Consultation Policy (hereinafter "Policy") on 4 November 2014. The Consultation Policy was reviewed and replaced by this second version, adopted on **31 January 2019** by EMMI's General Assembly. The Steering Committee(s) will review this Policy at least on an annual basis and recommend changes, as necessary, to EMMI's Board of Directors ("Board") and the General Assembly.

This Policy is applicable to any benchmarks administered by EMMI.

2. Objective

The European Money Markets Institute (EMMI) will consult stakeholders publicly on proposed material changes in the financial benchmarks offered by EMMI, collectively "EMMI Benchmarks". Such changes include, but are not limited to, changes to the methodology of any benchmarks administered by EMMI, transition arrangements to new benchmarks or termination of existing benchmarks.

The purpose of a consultation undertaken under this policy is to invite all relevant stakeholders to express their views and to provide feedback on proposed material changes. EMMI and its appropriate governance entities will take due account of stakeholders' input received through the consultation process when proceeding with the proposed change.

3. Guiding Principles

EMMI will conduct its consultations within the following framework.

3.1 Authority overseeing consultation

The Board shall have the authority to launch a consultation under this policy. This authority shall be reserved to the Board. For changes involving individual EMMI benchmarks, the Board shall authorize a consultation based on a recommendation from the corresponding benchmark Steering Committee.

The Board shall reflect considerations on the potential impacts of a proposed change in determining whether to authorize a consultation process. Such impacts include, but are not limited to:

- general regulatory or legal obligations of the stakeholders in relation to the use of EMMI Benchmarks¹;
- impact on the continuity of existing contracts;
- for critical² benchmarks, implications for general financial stability.

¹ This refers to overall legal or regulatory obligations in relation to EMMI Benchmarks. EMMI shall not be responsible for analyzing the particular obligations of individual stakeholders.

² As defined in the European Commission Implementing Regulation (EU) 2016/1368.

3.2 Instances requiring a consultation

a) Material changes

Consultations shall always be undertaken for “material changes” in EMMI’s Benchmarks.

Generally, a material change for an individual benchmark or set of benchmarks includes but is not limited to the following cases:

- any change in the type of input data (e.g. counterparty types);
- fundamental changes to the determination methodology (e.g. elimination or addition of waterfall levels);
- a change to the maturities in which a benchmark is published; or
- a change related to a potential discontinuation of a benchmark, including transition arrangements to a new benchmark;
- a change that impacts the ability of a stakeholder to use the benchmark in the established manner.

The determination of materiality of a change shall rest with the corresponding benchmark Steering Committee.

EMMI may also undertake consultations for other changes should the corresponding benchmark Steering Committee so recommend.

b) Other circumstances

Further details of circumstances that would require a consultation process can be found in the EMMI Benchmarks Change and Cessation Policy.

4. Stakeholder feedback

4.1 Identification of relevant stakeholders

EMMI is committed to providing transparency to stakeholders in the provision and use of EMMI’s Benchmarks. As such, consultations should be publicised to a wide audience of stakeholders. While EMMI cannot identify all individual stakeholder entities, generally EMMI will be concerned to solicit consultation feedback from parties affected by a material change to EMMI Benchmarks. Stakeholders for a consultation process shall include, but not be limited to, the following:

- Subscribers to EMMI’s Benchmarks;
- Representative trade associations or other user associations whose members are users of EMMI’s Benchmarks;
- Panel banks for the corresponding EMMI benchmark(s), when one or more benchmarks are subjects of the consultation;
- Public authorities, including regulatory agencies and central banks.

4.2 Notification of stakeholders involved in consultation

EMMI shall notify identified stakeholders directly, as appropriate, and publish notice of the consultation on its website inviting all impacted parties to provide feedback to the consultation. If applicable, EMMI will ask the identified stakeholders to further share the details of the consultation with their own relevant stakeholders.

4.3 Consultation timing and notification

EMMI shall give stakeholders adequate advance notice of the proposed change. EMMI's standard time frame for posting notice of its consultations is two month before the deadline for response. Should the proposed change be urgent due to regulatory, legal, operational or financial stability reasons, the consultation period may be shorter than two months, however no shorter than one month. The consultation process will follow the same procedure (as outlined in Section 5) regardless of the length of the notice period.

Specific details regarding the material change and the timeline for the consultation process shall be included in this notification as well as the rationale for the proposed changes. This shall include, among other things, whether the representativeness of the corresponding EMMI Benchmark and its appropriateness as a reference for financial instruments and contracts would be put at risk if the proposed material change were not made.

4.4 Confidentiality of feedback from individual stakeholders

EMMI shall treat as confidential the feedback from stakeholders responding to a consultation who request such anonymity. In such cases, EMMI shall nonetheless retain the right to make public the stakeholder's name as part of a list of entities which provided feedback and publicize responses in aggregate form and in a manner where individual respondents cannot be readily identified. EMMI may also share the feedback from individual stakeholders within EMMI, and with relevant governance bodies of EMMI, as necessary for the conduct of consultation process.

4.5 Consideration of stakeholder feedback

EMMI shall address feedback received from stakeholders in a published summary of contributions, anonymized and aggregated where necessary, after the conclusion of the consultation process. EMMI will provide its rationale for the acceptance, modification or rejection of recommendations made by respondents to the consultation as part of this summary. Any change to the EMMI Benchmark resulting from the feedback to the consultation will follow the process and approvals laid down in the EMMI Benchmarks Change and Cessation Policy.

5. Consultation procedure

EMMI shall adhere to the following process when consulting stakeholders on proposed material changes in EMMI's Benchmarks.

Following the assessment of the materiality of the proposed change by the corresponding benchmark Steering Committee, EMMI's Secretariat shall draft a consultation document, setting forth the objectives of the specific proposed consultation, an impact analysis following the EMMI Consultation Policy guidance, and the logistics for conduct of the consultation.

The EMMI Secretariat shall submit the consultation document to the corresponding benchmark Steering Committee to review the document in advance of submission to the Board of Directors. The Board of Directors shall make a determination whether to proceed with the consultation based on a recommendation from the corresponding benchmark Steering Committee.

Upon receiving the Board of Directors approval, the EMMI Secretariat will publish the consultation document on EMMI's website and notify as appropriate (1) all subscribers to EMMI benchmarks; (2) representative trade associations and other user associations; (3) panel banks for the corresponding EMMI benchmark(s); and (4) public authorities, including regulatory agencies and central banks, via email, indicating that it is accepting feedback on the consultation document.

At the close of the public consultation feedback period, the EMMI Secretariat shall collate the consultation feedback and prepare a summary for the corresponding benchmark Steering Committee, together with recommendations on any modifications to the course of action contemplated in respect of the proposed changes to EMMI benchmarks.

The Secretariat shall publish a summary of the consultation feedback on the EMMI website. Such publication shall take place as soon as practical after the approval of the summary by the corresponding benchmark Steering Committee and the EMMI Board, and no later than two months from the closing date of the public feedback period. The publication of summary individual contributions to the consultation shall take place according to the confidentiality provisions detailed above.