



EONIA

Governance Code of Conduct

EONIA Governance Framework



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1. Definitions and conventions

- BMR** Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investments funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014.
- RTS** Commission Delegated Regulation (EU) 2018/1637-1646 of 13 July 2018 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council.
- GCC** The Governance Code of Conduct sets out the governance arrangements and control framework established by EMMI, in its role as administrator of EONIA, for the provision of the benchmark.

Reference to regulatory requirements

For ease of reference, next to each paragraph in all documents of the EONIA Governance Framework, EMMI includes an explicit mention to the applicable EU BMR requirement, e.g.

BMR 5, 3(c) Refers to article 5, paragraph 3, point (c) in the EU BMR.

Annex 1 Reference to Annex 1 on interest rate benchmarks in the EU BMR.

Furthermore, in case the requirement arises from a regulatory technical standard (RTS) developed by ESMA, EMMI refers to the RTS by indicating the article for which it provides further specification, e.g.

RTS 5, 2.1 Refers to article 2.1 on the RTS further specifying the requirements in EU BMR article 5 on procedures and characteristics of the oversight function.

2. Purpose

1. The European Money Markets Institute (EMMI) as a Critical Benchmark Administrator, has the responsibility of defining and implementing robust governance and control arrangements to ensure EONIA's integrity and reliability.
2. EMMI has adopted a Governance Framework to establish the requirements and principles related to the provision of the EONIA benchmark. The **EONIA Governance Framework** consists in the following components:
 - a. The **EONIA Governance Code of Conduct (GCC)**, which sets out the governance, control and accountability frameworks established by EMMI for the provision of EONIA.
 - b. The **Benchmark Determination Methodology for EONIA (BDM)**, which sets out the determination methodology for the calculation of EONIA under both regular and contingency circumstances.

The EONIA Governance Framework is supported by a set of policies and procedures covering all aspects of the provision of the benchmark.

3. The GCC is based on the EU BMR¹ Chapter 1 ('Governance and control by administrators').
4. The GCC has been adopted on **[11 September 2019]** by EMMI's General Assembly (hereinafter, the General Assembly), following a recommendation by EMMI's Board of Directors (hereinafter, the Board) and the EONIA Steering Committee. It shall be reviewed if and when appropriate.
5. The standards set in the GCC are additional to and do not supersede any relevant legislation, regulation or other regulatory guidance applicable to EMMI. EMMI and the competent supervisory authorities should be notified of any potential inconsistencies between the GCC and such legislation or regulation.

3. Authorities and responsibilities

6. The **General Assembly and the Board** are the governing bodies of EMMI. The General Assembly approves the components of the EONIA Governance Framework, and changes thereto, based on the recommendation of the Board and, as applicable, the Steering Committee.
7. The **EONIA Steering Committee** (the Steering Committee) is an independent committee composed of a balanced representation of stakeholders, which exercises an independent oversight over all aspects of the provision of EONIA, including governance and methodological aspects.
8. The **Conflicts of Interest Oversight Committee** (the CIOC), as an advisory committee to the Board, monitors potential situations of conflicts of interest. The CIOC monitors the effectiveness of EMMI's Conflicts of Interest Policy and the

¹ Regulation (EU) 2016/1011

procedures to identify, manage and mitigate conflicts of interest situations, by providing recommendations to the Board and, as applicable, to the Steering Committee.

9. The **Audit & Risk Committee** (the ARC) is a sub-Committee to the Board and provides, among other duties, oversight over EMMI's overall risk management governance structures and risk management program, as well as over quality and integrity of EMMI's auditing processes.

4. Governance and control framework

4.1. Governance and Conflicts of Interest

- BMR 4** 10. EMMI has in place robust governance arrangements, which includes a clear organisational structure, with well-defined and clearly identified roles and responsibilities for all persons involved in the provision of EONIA.
- BMR 4** 11. EMMI has adopted a Confidentiality Policy to ensure the confidentiality of the data provided as contributions to the determination of benchmarks. The Confidentiality Policy establishes a framework designed to ensure that appropriate controls are implemented over data collection and transmission processes. It is applicable to all employees and temporary personnel resources of EMMI as well as members of EMMI's governance structure, including members of steering committees, members of task forces, external consultants and other working groups.
- BMR 4** 12. EMMI has in place a Conflicts of Interest Policy and Procedure (the CIPP), applicable to the different parties involved in the benchmark provision process, including EMMI's Secretariat, as well as the members of the EONIA Steering Committee and other governance bodies.
- BMR 4** 13. EMMI's employees and members of EMMI's governance bodies, including the EONIA Steering Committee, are required to sign a declaration of interest on an annual basis. Declarations of interest of members of the EONIA Steering Committee are published on EMMI's website.
- BMR 4** 14. The CIPP contains measures for the identification, avoidance or management, of conflicts of interest and their disclosure and monitoring, as appropriate.
- BMR 4** 15. The Board has established an independent Conflicts of Interest Oversight Committee (the CIOC) that monitors the effectiveness of EMMI's Conflicts of Interest Policy and the procedures to identify, manage and mitigate conflicts of interest situations, by providing recommendations to the Board and, as applicable, to the EONIA Steering Committee. The Terms of Reference of the CIOC are included in the Conflicts of Interest Policy.
- BMR 4** 16. The CIOC publishes a report on its activities on EMMI's website on an annual basis.

4.2. Oversight function

- BMR 5** 17. EMMI has established and maintains a permanent and effective oversight function – the EONIA Steering Committee – that exercises an independent oversight of all aspects of the provision of the EONIA including governance and methodological aspects.
- BMR 5** 18. The procedures and governance arrangements related to the composition, duties and functioning of the EONIA Steering Committee are established in the EONIA Steering Committee Terms of Reference that form an integral component of the GCC.

4.3. Control Framework

- BMR 6** 19. EMMI has in place a control framework for the provision of EONIA, with the objective of ensuring its compliance with regulatory standards and maintaining the integrity and quality of the benchmark.
- BMR 6** 20. This Control Framework includes (a) management of operational risk, (b) adequate and effective business continuity and disaster recovery plans and (c) contingency procedures in the event of a disruption in the process of the provision of EONIA.
- BMR 6** 21. EMMI has in place a comprehensive Risk Management Framework aimed at maintaining robust benchmark operations, financial resources, and reputation for prudent conduct. It also aims at effectively identifying, managing, and mitigating its current and emerging risk exposures.
- BMR 6** 22. The Board has established an Audit & Risk Committee (ARC) to provide, among other duties, oversight over EMMI's overall risk management governance structures and risk management program, as well as over quality and integrity of EMMI's auditing processes.
- BMR 6** 23. In this context, the EONIA Steering Committee, as part of its mission to enforce and oversee the implementation of the EONIA Governance Framework, oversees the management of risks related to EONIA's administration, calculation, and publication and the implementation of associated mitigating actions. In conjunction with EMMI's Secretariat, the EONIA Steering Committee can recommend risk management matters for consideration to the Board.
- BMR 6** 24. EMMI has developed a Business Continuity and Disaster Recovery Plan (BCP/DRP) to ensure that EMMI services and operations can be maintained or recovered in a timely manner in the event of a disruption.
- BMR 6** 25. EMMI also ensures that third parties involved in the provision of the benchmark have a business continuity and disaster recovery plan in place in order to avoid any disruption in the daily calculation and dissemination of the benchmark.

- BMR 6** 26. EMMI adopted fallback arrangements under contingency circumstances. The determination methodology under contingency circumstances is defined in the BDM.
- BMR 6** 27. The EONIA Steering Committee oversees that control measures to assess the quality and integrity of EONIA are undertaken.

4.4. Accountability Framework

- BMR 7** 28. EMMI has in place an accountability framework covering record-keeping, auditing and review, complaints and whistleblowing process, in compliance with applicable regulatory requirements.

4.4.1. Record-keeping

- BMR 8** 29. EMMI has in place a Record-keeping Policy that establishes the guidelines governing the retention and appropriate deletion of records related to the administration of EMMI's benchmarks, with the aim to maintain an accessible audit trail for its activities and operations.
- BMR 8** 30. The Record-keeping Policy defines the retention requirements applicable to EMMI with regards to records related to the administration of EMMI Benchmarks.

4.4.2. Audit and review

- BMR 7** 31. EMMI has in place internal reviews and audit arrangements to provide assurance on the effectiveness of the controls in place, taking into consideration EMMI's responsibility as benchmark administrator and its core processes and procedures.
- BMR 7** 32. EMMI has appointed an independent external auditor to review and report on EMMI's compliance with BMR at least annually.
- BMR 7** 33. The EONIA Steering Committee and the ARC review EMMI's internal and external audits and monitor the implementation of recommendations or remedial actions.
- BMR 7** 34. Upon request, EMMI will provide the details of the reviews and audit reports referred to in paragraphs 31 and 32 above to its competent authorities.
- BMR 7** 35. Upon request of its competent authorities or any benchmark user, EMMI will publish the details of the audit reports referred to in paragraph 32.

4.4.3. Complaints and Whistleblowing

- BMR 9** 36. EMMI has in place a Complaints Policy and Procedure which define the procedures for receiving, investigating and retaining records concerning complaints made in relation to EMMI's benchmarks provision process.

- BMR 9**
37. The Complaints Policy:
 38. Permits complaints to be submitted through an electronic submission process, available on EMMI's website;
 39. Contains procedures for: i) receiving and investigating a complaint made about EMMI's benchmarks provision on a timely and fair basis by personnel who are independent of any personnel who may be or may have been involved in the subject of the complaint; ii) advising the complainant and other relevant parties of the outcome of its investigation within a reasonable period; and iii) retaining all records concerning complaints;
 40. Contains a process for managing complaints, including an escalation process to the EONIA Steering Committee of those that are not resolved. Depending on the nature of the complaints and the potential breaches, the EONIA Steering Committee may escalate the issue to the Board or to competent legal or regulatory authorities, as appropriate; and
 41. Requires all documents relating to a complaint, including those submitted by the complainant as well as EMMI's own record, to be retained for a minimum of five years.
 42. EMMI has in place a Whistleblowing Policy and Procedures in order to permit any individual to alert EMMI, on an anonymous basis if necessary, on potentially suspicious or manipulative activity, or other issues that may affect the integrity of EMMI's benchmarks.
 43. The Whistleblowing Policy:
 - a. Permits reporting through an electronic submission process available on EMMI's website, on an anonymous basis if necessary, of potentially suspicious input data or manipulative activity, conflicts of interest situations, misconduct by contributor, or other issues that may affect the integrity of EONIA to the EONIA Steering Committee and, depending on the issue and the seriousness of the potential breach, to competent legal or regulatory authorities;
 - b. Ensures appropriate protection (including of personal data) for persons who report potential or actual breaches and for the accused party; and
 - c. Ensures the right of the accused party to a hearing by the EONIA Steering Committee before the adoption of a decision concerning the party.

4.5. Transparency

44. EMMI seeks to publish all relevant information related to EONIA governance and benchmark provision processes, including but not limited to:

- a. The components of the EONIA Governance Framework, i.e. the EONIA Governance Code of Conduct and the Benchmark Determination Methodology for EONIA;
- b. EONIA Steering Committee Terms of Reference, composition and minutes;
- c. The names, biographies and declarations of interest of EONIA Steering Committee members;
- d. The procedures for consulting on any proposed material change in the benchmark methodology and the rationale for such changes, including a definition of what constitutes a material change to EONIA and the circumstances in which EMMI should notify users, as specified in the Benchmarks Consultation Policy;
- e. A Benchmarks Changes and Cessation Policy;
- f. All the other policies referred to in the GCC, i.e. Conflicts of Interest Policy, Record-keeping Policy, Confidentiality Policy, Complaints Policy and Procedure and Whistleblowing Policy and Procedures;
- g. The annual report from the Conflicts of Interest Oversight Committee.