



# Benchmarks Consultation Policy



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## History

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# Table of contents

Document information.....	2
1. Purpose.....	4
2. Guiding Principles.....	4
2.1. Authority overseeing consultation.....	4
2.2. Instances requiring a consultation.....	4
2.2.1. Material changes.....	4
2.2.2. Other circumstances.....	5
2.3. Optional consultations.....	5
2.4. Stakeholder feedback.....	5
2.4.1. Identification of relevant stakeholders.....	5
2.4.2. Notification of stakeholders involved in the consultation.....	6
2.4.3. Consultation timing and notification.....	6
2.4.4. Confidentiality of feedback from individual stakeholders.....	6
2.4.5. Consideration of stakeholder feedback.....	6
3. Scope.....	7
4. Overview of roles and responsibilities.....	7
5. Periodic review.....	7
6. Policy exceptions.....	7
7. Definitions.....	8

# 1. Purpose

The purpose of this policy is to set the principles guiding the European Money Markets Institute when conducting stakeholders consultation with regards to changes in the benchmarks it administers.

As defined in the Benchmarks Changes and Cessation Policy, the European Money Markets Institute (EMMI) is required to consult stakeholders publicly on proposed material changes in any of its benchmarks. Such changes may 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.

In addition, EMMI may also consult on other benchmark related matters it considers as relevant to its core business and/or to its stakeholders.

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 or other initiatives where applicable. EMMI will take due account of stakeholders' input received through the consultation process when proceeding with the proposed change.

# 2. Guiding Principles

EMMI will conduct its consultations within the following framework.

## 2.1. Authority overseeing consultation

The Board of Directors (BoD) shall have the authority to launch a consultation under this policy. For changes involving specific EMMI benchmarks, the BoD shall authorise a consultation based on a recommendation from the corresponding benchmark Oversight Committee.

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

- regulatory or legal obligations of the stakeholders in relation to the use of EMMI Benchmarks<sup>1</sup>;
- impact on the continuity of existing contracts;
- for critical<sup>2</sup> benchmarks, implications for financial stability of the underlying market.

## 2.2. Instances requiring a consultation

### 2.2.1. Material changes

Consultations shall always be undertaken for "material changes" in EMMI's Benchmarks. A "material change" for a benchmark is defined as a change in its underlying interest, or a change in its methodology, or a change in its features, that fundamentally affects the benchmark.

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

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

The list below provides examples of potential scenarios which would trigger a review by EMMI about the materiality of a change for a specific benchmark or set of benchmarks. This list should not be considered exhaustive and potential cases of materiality are not limited to those described here.

- fundamental changes to the underlying interest: changes affecting the underlying market or the underlying economic reality that the benchmark is representing;
- fundamental changes in the methodology: changes in the nature of the methodology (i.e. transaction based, hybrid, quote based etc.); adding or removing waterfall levels;
- fundamental changes in the benchmark features: potential discontinuation of a maturity; changes related to the potential discontinuation of a benchmark, including transition arrangements to a new benchmark;

The final determination of the materiality of a change shall rest with the corresponding benchmark Oversight Committee, following consideration of the proposed change.

### 2.2.2. *Other circumstances*

The respective benchmark Oversight Committee may also recommend to consult on other aspects deemed of relevance even if it does not consist of changes that are considered as material.

## 2.3. Optional consultations

EMMI may undertake consultations on other benchmark related measures when these are likely to impact EMMI's core business or when these measures can significantly impact European money markets. Most relevantly, these measures may include the introduction of new interest rate benchmarks.

## 2.4. Stakeholder feedback

### 2.4.1. *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 published and advertised to a wide audience of stakeholders.

While EMMI cannot identify all individual stakeholder entities, it will advertise the consultation to those parties that have been identified as potentially being affected by such changes. For instance stakeholders for a consultation process shall include, but are not limited to :

- 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.

### 2.4.2. Notification of stakeholders involved in the consultation

EMMI shall notify identified stakeholders directly, as deemed appropriate, and publish notice of the consultation on its website inviting all interested 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.

### 2.4.3. 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 months 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 not 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, or proposed measure where applicable, 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.

### 2.4.4. Confidentiality of feedback from individual stakeholders

EMMI shall treat as confidential the feedback from stakeholders responding to a consultation who request such treatment. 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 publish responses in an 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 governing bodies of EMMI, as necessary for the conduct of consultation process.

### 2.4.5. 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 the summary. Any change to a benchmark administered by EMMI resulting from the feedback to the consultation will follow the process and approvals laid down in the EMMI Benchmarks Change and Cessation Policy.

## 3. Scope

This Policy applies to all benchmarks administered by EMMI.

## 4. Overview of roles and responsibilities

Function	Role	Responsibilities
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EMMI	Benchmarks Team	Responsible for identifying the scope of the consultation  Responsible for conducting the analysis on which the consultation will be based  Responsible to draft the consultation
EMMI	Head of Operations	Responsible for identifying the relevant stakeholders  Responsible for the assessment of whether a consultation is needed  Responsible for reviewing the consultation and signing it off to the CEO
EMMI	Chief Executive Officer (CEO)	Responsible for signing off the assessment of the Benchmarks Team and the assessment of the Head of Operations Unit  Responsible for the submission of the consultation to the relevant Oversight Committee
Oversight Committee	Benchmark Oversight Committee	Responsible for determining if a proposed change to a benchmark under its oversight is material  Responsible for recommending the content of the consultation to the Board.
External	Board of Directors	Responsible for approving the consultation document

## 5. Periodic review

This Policy will be reviewed, at minimum bi-annually, or whenever there is a material change to the policy, and updated, as necessary.

## 6. Policy exceptions

None

## 7. Definitions

[The table below lists Terms and Acronyms that appear in this policy.]

Term or acronym	Definition
EMMI	European Money Market Institute
BoD	Board of Directors

