
Changes to legislation: Regulation (EU) 2016/1011 of the European Parliament and of the Council, ANNEX I is up to date with all changes known to be in force on or before 09 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

ANNEX I

INTEREST RATE BENCHMARKS

Accurate and sufficient data

1. For the purposes of points (a) and (c) of Article 11(1), in general the priority of use of input data shall be as follows:
 - (a) a contributor's transactions in the underlying market that a benchmark intends to measure or, if not sufficient, its transactions in related markets, such as:
 - the unsecured inter-bank deposit market,
 - other unsecured deposit markets, including certificates of deposit and commercial paper, and
 - other markets such as overnight index swaps, repurchase agreements, foreign exchange forwards, interest rate futures and options, provided that those transactions comply with the input data requirements in the code of conduct;
 - (b) a contributor's observations of third party transactions in the markets described in point (a);
 - (c) committed quotes;
 - (d) indicative quotes or expert judgements.
2. For the purposes of point (a) of Article 11(1) and Article 11(4), input data may be adjusted.

In particular, input data may be adjusted by application of the following criteria:

- (a) proximity of transactions to the time of provision of the input data and the impact of any market events between the time of the transactions and the time of provision of the input data;
- (b) interpolation or extrapolation from transactions data;
- (c) adjustments to reflect changes in the credit standing of the contributors and other market participants.

Oversight function

3. The following requirements shall apply in substitution for the requirements of Article 5(4) and (5):
 - (a) the administrator of an interest rate benchmark shall have in place an independent oversight committee. Details of the membership of that committee shall be made public, along with any declarations of any conflict of interest and the processes for election or nomination of its members;
 - (b) the oversight committee shall hold no less than one meeting every four months and shall keep minutes of each such meeting;
 - (c) the oversight committee shall operate with integrity and shall have all of the responsibilities provided for in Article 5(3).

Auditing

4. The administrator of an interest rate benchmark shall appoint an independent external auditor to review and report on the administrator's compliance with the benchmark

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methodology and this Regulation. The external audit of the administrator shall be carried out for the first time six months after the introduction of the code of conduct and subsequently every two years.

The oversight committee may require an external audit of a contributor to an interest rate benchmark if dissatisfied with any aspects of its conduct.

Contributor systems and controls

5. The following requirements shall apply to contributors to interest rate benchmarks, in addition to the requirements set out in Article 16. Article 16(5) shall not apply.
6. Each contributor's submitter and the direct managers of that submitter shall acknowledge in writing that they have read the code of conduct and that they will comply with it.
7. A contributor's systems and controls shall include:
 - (a) an outline of responsibilities within each firm, including internal reporting lines and accountability, including the location of submitters and managers and the names of relevant individuals and alternates;
 - (b) internal procedures for sign-off of contributions of input data;
 - (c) disciplinary procedures in respect of attempts to manipulate, or any failure to report, actual or attempted manipulation by parties external to the contribution process;
 - (d) effective conflicts of interest management procedures and communication controls, both within contributors and between contributors and other third parties, to avoid any inappropriate external influence over those responsible for submitting rates. Submitters shall work in locations physically separated from interest rate derivatives traders;
 - (e) effective procedures to prevent or control the exchange of information between persons engaged in activities involving a risk of conflict of interest where the exchange of that information may affect the benchmark data contributed;
 - (f) rules to avoid collusion among contributors, and between contributors and the benchmark administrators;
 - (g) measures to prevent, or limit, any person from exercising inappropriate influence over the way in which persons involved in the provision of input data carries out those activities;
 - (h) the removal of any direct link between the remuneration of employees involved in the provision of input data and the remuneration of, or revenues generated by, persons engaged in another activity, where a conflict of interest may arise in relation to those activities;
 - (i) controls to identify any reverse transaction subsequent to the provision of input data.
8. A contributor to an interest rate benchmark shall keep detailed records of:
 - (a) all relevant aspects of contributions of input data;
 - (b) the process governing input data determination and the sign-off of input data;
 - (c) the names of submitters and their responsibilities;

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- (d) any communications between the submitters and other persons, including internal and external traders and brokers, in relation to the determination or contribution of input data;
 - (e) any interaction of submitters with the administrator or any calculation agent;
 - (f) any queries regarding the input data and their outcome of those queries;
 - (g) sensitivity reports for interest rate swap trading books and any other derivative trading book with a significant exposure to interest rate fixings in respect of input data.
9. Records shall be kept on a medium that allows the storage of information to be accessible for future reference with a documented audit trail.
 10. The compliance function of the contributor to an interest rate benchmark shall report any findings, including reverse transactions, to management on a regular basis.
 11. Input data and procedures shall be subject to regular internal reviews.
 12. An external audit of the input data of a contributor to an interest rate benchmark, compliance with the code of conduct and the provisions of this Regulation shall be carried out for the first time six months after the introduction of the code of conduct, and subsequently every two years.

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Changes and effects yet to be applied to :

- Regulation revoked by [2023 c. 29 Sch. 1 Pt. 1](#)

Changes and effects yet to be applied to the whole legislation item and associated provisions

- Title 6Ch. 4 addition by [EUR 2019/2175](#) Regulation (This amendment by the EU not applied to legislation.gov.uk because it is brought into force after IP completion day.)
- Art. 3.1(24) words omitted by [S.I. 2019/657 reg. 5\(10\)\(f\)](#) (This amendment not applied to legislation.gov.uk. Reg. 5(10)(f) omitted immediately before IP completion day by virtue of S.I. 2020/1385, regs. 1(4), 58(4))
- Art. 51(1B)(a)(ii) words substituted in earlier amending provision S.I. 2019/657, reg. 42(2) by [S.I. 2019/1212 reg. 20\(2\)\(a\)](#) (This amendment not applied to legislation.gov.uk. Reg. 20(2) omitted (30.6.2020) by virtue of S.I. 2020/628, regs. 1(4), 16)
- Art. 51(2)(b) word substituted by [S.I. 2019/657 reg. 42\(3\)\(b\)\(i\)](#) (This amendment not applied to legislation.gov.uk. Reg. 42(3) substituted immediately before IP completion day by S.I. 2020/628, regs. 1(3), 12(6)(b))
- Art. 51(2)(b) words substituted by [S.I. 2019/657 reg. 42\(3\)\(b\)\(ii\)](#) (This amendment not applied to legislation.gov.uk. Reg. 42(3) substituted immediately before IP completion day by S.I. 2020/628, regs. 1(3), 12(6)(b))