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# IOSCO Reference Rates Submission Code of Conduct

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## Chapter 1

# Introduction

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## 1. Introduction

### **IOSCO Principles for Financial Benchmarks**

- 1.1 LSEG is committed to Administering Benchmark activity in consideration of the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks published on 17th July 2013 or any subsequent version found at [www.iosco.org/library/pubdocs/pdf/IOSCOPD409.pdf](http://www.iosco.org/library/pubdocs/pdf/IOSCOPD409.pdf)
- 1.2 If a Benchmark is subject to additional regulatory obligations determined by a relevant Market Authority, LSEG will enable compliance by implementing processes to supplement IOSCO Principles.
- 1.3 Capitalised terms used in this document are defined in the “Glossary of Defined Terms” section

### **Reference Rates Submitter Code of Conduct Applicability & Exemption**

- 1.4 Submitters to Reference Rates Benchmarks Administered by LSEG are subject to this Submitter Code of Conduct.
- 1.5 Submitters whose Submissions are subject to regulatory obligations contained in a Submitter Code of Conduct that is issued by a Market Authority are exempt from the LSEG Reference Rates Submitter Code of Conduct.

### **Submitters Notice of Withdrawal**

- 1.6 Submitters considering withdrawing from the Reference Rates Benchmark Submission process must endeavour to provide LSEG with at least 90 days notice in order to protect the continuation of the Benchmark.

## Chapter 2

# Submitters Organisational Arrangements

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## 2. Submitters Organisational Arrangements

### Submitter Roles & Responsibilities

- 2.1 Submitters must appoint a senior officer that holds the appropriate expertise and competency who is primarily responsible for the Reference Rates Benchmark Submission process.
- 2.2 Submitters must provide LSEG with an up-to-date record of the names, roles, responsibilities and contact details of the following staff:
- The senior officer that is primarily responsible for the Reference Rates Benchmark Submission process;
  - The officer(s) authorised to sign-off and transmit the Reference Rates Benchmark Submission.
  - The contact details of the officers acting as secondary Reference Rates Benchmark Submitter and secondary sign-off authorized personnel when the primary contacts are unavailable
- 2.3 Each submitter shall undertake and document a due diligence process, including checks to verify the identity, reputation and as all actual or perceived conflicts of interest of potential Submitters and Supervisors. To be satisfied that these individuals have the relevant skills, knowledge, training, expertise, and professional integrity in markets that are relevant to CDOR to submit Input Data on the Submitter's behalf.
- 2.4 Each submitter shall develop and maintain a description of the roles and responsibilities of key personnel as well a clear description of accountability lines.

### Submitter Staff Training Arrangements

- 2.5 Submitters must train all staff involved in the Reference Rates Benchmark Submission process on the obligations contained in this Submitter Code of Conduct, including additional training considered necessary to meet any relevant regulation. Submitters must review the competence of all staff involved in the Reference Rates Benchmark Submission process at least annually and record evidence that all staff continue to possess the appropriate levels of expertise and competency.
- 2.6 Submitters must provide all staff involved in the Reference Rates Benchmark Submission process with a copy of the LSEG Reference Rates Submitter Code of Conduct.

### Submitter Conflicts of Interest Arrangements

- 2.7 Submitters must have effective arrangements to manage any conflicts of interest that may arise from the Reference Rates Benchmark Submission process.

### Submitter Remuneration Arrangements

- 2.8 Submitters must have in place appropriate remuneration arrangements to ensure that all staff involved in the Reference Rates Benchmark Submission process are not directly or indirectly rewarded or incentivised by the levels of Benchmark determinations.

**Submitter Cooperation with Investigations & Regulators**

- 2.9 Submitters must cooperate with Reference Rates investigations instigated by LSEG, Market Authorities, National Authorities or law enforcement agencies.

## Chapter 3

# Reference Rates Benchmark Data Input Criteria & Submission Methodology

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## 3. Reference Rates Benchmark Data Input Criteria & Submission Methodology

### Reference Rates Hierarchy of Data Input Guidelines & Exercise of Expert Judgement Guidelines

- 3.1 Submitters must select Reference Rate Submission data in the following Hierarchy of Data Inputs priority:
1. Regulated Market or Exchange data that has mandatory post-trade transparency requirements;
  2. Submitters own concluded Arms-length Transactions in the underlying Interest or related markets;
  3. Reported or observed concluded Arms-length Transactions in the underlying Interest;
  4. Reported or observed concluded Arms-length Transactions in related markets;
  5. Firm (executable) bids & offers;
  6. Other market Information;
  7. Exercise of Expert Judgement.
- 3.2 Expert Judgement refers to the exercise of discretion by an Administrator or Submitter with respect to the use of data in determining a Benchmark. Expert Judgment includes extrapolating values from prior or related transactions, adjusting values for factors that might influence the quality of data such as market events or impairment of a buyer or seller's credit quality, or weighting firm bids or offers greater than a particular concluded transaction.

### Reference Rates Benchmark Submission Methodology

- 3.3 Submitters must document their Reference Rates Benchmark Submission methodology, including articulating eligible data input criteria and the use of Expert Judgement. The Reference Rates Benchmark Submission methodology must include effective internal system and control arrangements to ensure the consistent timely delivery of accurate and complete Submissions.
- 3.4 Submitters internal system and control arrangements must include:
- a. Written Reference Rates Benchmark Submission methodology procedures;
  - b. Clear segregation of duties, in order to prevent any officer from exercising inappropriate influence on Reference Rate Submissions;
  - c. Segregation of the Reference Rates Benchmark process from other parts of Submitters' businesses;

- d. Sign-off, validating pre-Submission data inputs by a senior officer not involved in the Reference Rates Benchmark Submission preparation process;
- e. Documented business and technology continuity arrangements.

3.5 To mitigate operational risk in the Submission transmission process, LSEG operational strategy requires Reference Rates Submissions to be transmitted via electronic transmission channels. Submitters experiencing technical issues with electronic transmission must endeavor to transmit to LSEG Benchmark Operations their Submissions as soon as possible via alternative methods; using Group/Corporate E-Mail or LSEG Messenger, or where both are also unavailable, by telephone.

**Submitter Benchmark Manipulation Detection Arrangements**

- 3.6 Submitters must have in place appropriate documented monitoring and surveillance arrangements to detect and evaluate suspicious Reference Rates Benchmark inputs or transactions, including inter-group transactions, to ensure the Bona Fide nature of such inputs.
- 3.7 Submitters must have in place appropriate documented arrangements to report to LSEG and/or the appropriate Market Authority, suspicions of apparent attempts to manipulate or collude to manipulate Reference Rates Benchmark Submissions.
- 3.8 Submitters must have in place appropriate documented whistleblowing arrangements to enable whistleblowers to anonymously report attempts to manipulate or collude to manipulate the Reference Rates Benchmark Submission process.

## Chapter 4

# Submitters Records Management

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## 4. Submitters Records Management

- 4.1 Submitters must retain an Audit Trail of all hard copy and electronic Reference Rates Benchmark Submission records for a minimum of five years, this subject to any additional national legal or regulatory requirements.
- 4.2 Submitters must provide Reference Rates Benchmark Submission records promptly to LSEG, Market Authorities, National Authorities or law enforcement agencies, upon request.
- 4.3 Submitters must retain Reference Rates records on:
- a. The procedures and methodologies governing the Submission of data inputs;
  - b. The identity of any other person who submitted or otherwise generated any of the data inputs or information provided to the Administrator;
  - c. Names and roles of individuals responsible for Submission and Submission oversight;
  - d. Relevant communications between submitting parties;
  - e. Any interaction with the Administrator;
  - f. Any queries received regarding data inputs or information provided to the Administrator;
  - g. Declaration of any conflicts of interests and aggregate exposures to Benchmark related instruments;
  - h. Exposures of individual traders/desks to Benchmark related instruments in order to facilitate audits and investigations;
  - i. Findings of external/internal audits, when available, related to Benchmark Submission remedial actions and progress in implementing them.



## Chapter 5

## Glossary of Defined Terms

## 5. Glossary of Defined Terms

Term	Definition
Administrator	An organization or legal person that controls the creation and operation of the Benchmark Administration process, whether or not it owns the intellectual property relating to the Benchmark. In particular, it has responsibility for all stages of the Benchmark Administration process, including: <ol style="list-style-type: none"> <li>The calculation of the Benchmark;</li> <li>Determining and applying the Benchmark Methodology; and</li> <li>Disseminating the Benchmark.</li> </ol>
Arm's-length Transaction	A transaction between two parties that is concluded on terms that are not influenced by a conflict of interest (e.g., conflicts of interest that arise from a relationship such as a transaction between affiliates)
Audit Trail	For the purposes of the Benchmark-setting process, the documentation and retention of all relevant data, Submissions, other information, judgments (including the rationale for any exclusions of data), analysis and identities of Submitters used in the Benchmark-setting process for an appropriate period.
Benchmark	Prices, estimates, rates, indices or values that are: <ol style="list-style-type: none"> <li>Made available to users, whether free of charge or for payment;</li> <li>Calculated periodically, entirely or partially by the application of a formula or another method of calculation to, or an assessment of, the value of one or more underlying Interests;</li> <li>Used for reference for purposes that include one or more of the following:               <ul style="list-style-type: none"> <li>– determining the interest payable, or other sums due, under loan agreements or under other financial contracts or instruments;</li> <li>– determining the price at which a financial instrument may be bought or sold or traded or redeemed, or the value of a financial instrument; and/or</li> <li>– measuring the performance of a financial instrument.</li> </ul> </li> </ol>
Bona Fide	Refers to data where the parties submitting the data have executed, or are prepared to execute, transactions generating such data and the concluded transactions were executed at Arm's-length from each other.
Exchange	See Regulated Market or Exchange
Expert Judgment	Refers to the exercise of discretion by a Submitter with respect to the use of data in determining a Benchmark. Expert Judgment includes extrapolating values from prior or related transactions, adjusting values for factors that might influence the quality of data such as market events or impairment of a buyer or seller's credit quality, or weighting firm bids or offers greater than a particular concluded transaction.
Front Office Function	This term means any department, division, group, or personnel of Submitter or any of its affiliates, whether or not identified as such, that performs, or personnel exercising direct supervisory authority over the performance of, any pricing (excluding price verification for risk management purposes), trading, sales, marketing, advertising, solicitation, structuring, or brokerage activities on behalf of a third party or for proprietary purposes.
Market Authority	A Regulatory Authority, a Self-Regulatory Organization, a Regulated Market or Exchange, or a clearing organization (as the context requires).
National Authority	Refers to a relevant governmental authority such as a central bank, which might not be a Market or Regulatory Authority, but which has responsibility for or a governmental interest in Benchmark policies.
Panel	Subset of market participants who are Benchmark Submitters.

Term	Definition
Publish or Make Available	Refers to the expectation that a party such as an Administrator should provide a document or notice to Stakeholders. The means by which such notice is made should be proportionate to the breadth and depth of Benchmark use by Stakeholders, as determined by the Administrator on a “best efforts” basis. Ordinarily, posting a document or notice on the Administrator’s website will meet this expectation.
Reference Rates	Reference Rates include interest rate and foreign exchange Benchmarks.
Regulated Market or Exchange	A market or exchange that is regulated and/or supervised by a Regulatory Authority.
Regulatory Authority	A governmental or statutory body (not being a Self-Regulatory Organization) with responsibility for securities and/or commodities and futures regulation.
Self-Regulatory Organization or ‘SRO’	An organization that has been given the power or responsibility to regulate itself, whose rules are subject to meaningful sanctions regarding any part of the securities market or industry. This authority may be derived from a statutory delegation of power to a non-governmental entity or through a contract between an SRO and its members as is authorized or recognized by the governmental regulator. See IOSCO Methodology, Principle 9, p.50. <a href="https://www.iosco.org/library/pubdocs/pdf/IOSCOPD359.pdf">https://www.iosco.org/library/pubdocs/pdf/IOSCOPD359.pdf</a>
Stakeholders	Refers to Subscribers and other persons or entities who own contracts or financial instruments that reference a Benchmark.
Submission(s)	Prices, estimates, values, rates or other information that is provided by a Submitter to an Administrator for the purposes of determining a Benchmark. This excludes data sourced from Regulated Markets or Exchanges with mandatory post-trade transparency requirements.
Submitter	A legal person providing information to an Administrator or Calculation Agent required in connection with the determination of a Benchmark.

## Chapter 6

# IOSCO Benchmark Principles & Submitter Code of Conduct Mapping Table

## 6. IOSCO Benchmark Principles & Submitter Code of Conduct Mapping Table

### IOSCO Benchmark Principles & Reference Rates Submitter Code of Conduct Mapping Table

IOSCO Principle #	IOSCO Principles for Financial Benchmarks Text	Submitter Code of Conduct #
Principle 7	An Administrator should establish and Publish or Make Available clear guidelines regarding the hierarchy of data inputs and exercise of Expert Judgment used for the determination of Benchmarks. In general, the hierarchy of data inputs should include: <ol style="list-style-type: none"> <li>Where a Benchmark is dependent upon Submissions, the Submitters' own concluded Arm's-length transactions in the underlying interest or related markets;</li> <li>Reported or observed concluded Arm's-length Transactions in the underlying interest;</li> <li>Reported or observed concluded Arm's-length Transactions in related markets;</li> <li>Firm (executable) bids and offers; and</li> <li>Other market information or Expert Judgments</li> </ol>	3.01
Principle 14	The Administrator should develop guidelines for Submitters ("Submitter Code of Conduct"), which should be available to any relevant Regulatory Authorities, if any and Published or Made Available to Stakeholders.	Reference Rates Submitter code of Conduct
	<ol style="list-style-type: none"> <li>The Submitter Code of Conduct should address: The selection of inputs</li> </ol>	3.01
	<ol style="list-style-type: none"> <li>Who may submit data and information to the Administrator</li> </ol>	2.02 a) & b)
	<ol style="list-style-type: none"> <li>Quality control procedures to verify the identity of a Submitter and any employee(s) of a Submitter who report(s) data or information and the authorisation of such person(s) to report market data on behalf of a Submitter</li> </ol>	2.02 b)
	<ol style="list-style-type: none"> <li>Criteria applied to employees of a Submitter who are permitted to submit data or information to an Administrator on behalf of a Submitter</li> </ol>	2.03
	<ol style="list-style-type: none"> <li>Policies to discourage the interim withdrawal of Submitters from surveys or Panels</li> </ol>	1.06
	<ol style="list-style-type: none"> <li>Policies to encourage Submitters to submit all relevant data</li> </ol>	3.04
	The Submitters' internal systems and controls, which must include: <ol style="list-style-type: none"> <li>Procedures for submitting inputs, including Methodologies to determine the type of eligible inputs, in line with the Administrator's Methodologies</li> </ol>	3.03 & 3.04

IOSCO Principle #	IOSCO Principles for Financial Benchmarks Text	Submitter Code of Conduct #
	ii. Procedures to detect and evaluate suspicious inputs or transactions, including inter-group transactions, and to ensure the Bona Fide nature of such inputs, where appropriate	3.06
	iii. Policies guiding and detailing the use of Expert Judgment, including documentation requirements	3.02
	iv. Record keeping policies	4.01, 4.02 & 4.03
	v. Pre-Submission validation of inputs, and procedures for multiple reviews by senior staff to check inputs	3.04 d)
	vi. Training, including training with respect to any relevant regulation (covering Benchmark regulation or any market abuse regime)	2.03
	vii. Suspicious Submission reporting	3.07
	viii. Roles and responsibilities of key personnel and accountability lines	2.02
	x. Internal sign off procedures by management for submitting inputs	3.04 d)
	x. Whistle blowing policies	3.08
	xi. Conflicts of interest procedures and policies, including prohibitions on the Submission of data from Front Office Functions unless the Administrator is satisfied that there are adequate internal oversight and verification procedures for Front Office Function Submissions of data to an Administrator (including safeguards and supervision to address possible conflicts of interests as per paragraphs (v) and (ix) above), the physical separation of employees and reporting lines where appropriate, the consideration of how to identify, disclose, manage, mitigate and avoid existing or potential incentives to manipulate or otherwise influence data inputs (whether or not in order to influence the Benchmark levels), including, without limitation, through appropriate remuneration policies and by effectively addressing conflicts of interest which may exist between the Submitter's Submission activities (including all staff who perform or otherwise participate in Benchmark Submission responsibilities), and any other business of the Submitter or of any of its affiliates or any of their respective clients or customers	2.05 & 2.06
Principle 18	<p>Submitters should retain records for five years subject to applicable national legal or regulatory requirements on:</p> <ul style="list-style-type: none"> <li>a. The procedures and Methodologies governing the Submission of inputs;</li> <li>b. The identity of any other person who submitted or otherwise generated any of the data or information provided to the Administrator;</li> <li>c. Names and roles of individuals responsible for Submission and Submission oversight;</li> <li>d. Relevant communications between submitting parties;</li> <li>e. Any interaction with the Administrator;</li> <li>f. Any queries received regarding data or information provided to the Administrator;</li> <li>g. Declaration of any conflicts of interests and aggregate exposures to Benchmark related instruments;</li> <li>h. Exposures of individual traders/desks to Benchmark related instruments in order to facilitate audits and investigations; and</li> <li>i. Findings of external/internal audits, when available, related to Benchmark Submission remedial actions and progress in implementing them.</li> </ul>	4.01, 4.02 & 4.03

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