

THOMSON REUTERS

THOMSON REUTERS BENCHMARK METHODOLOGY & CESSATION POLICY





1. INTRODUCTION

- 1.1 Thomson Reuters administers, calculates and distributes Benchmarks across asset classes and in many markets worldwide.
- 1.2 This document addresses only those cases where Thomson Reuters is the Administrator of a Benchmark, as those terms are defined by IOSCO or other competent authorities. In these cases Thomson Reuters will carry out the Administration of Benchmarks in a manner that is aligned with the IOSCO Principles for Financial Benchmarks, consistent with any applicable regulation, and in the best interests of the markets each Benchmark serves.
- 1.3 The Administrator advises all Subscribers and other Stakeholders who have financial instruments that reference Administered Benchmarks to take steps to make sure that:
 - a) Contracts or other financial instruments that reference an Administered Benchmark have robust fall-back provisions in the event of material changes to, or cessation of, the referenced Benchmark
 - b) Stakeholders, including clients of stakeholders are aware of the possibility that various factors, including external factors beyond the control of the Administrator, might necessitate material changes to a Benchmark.

2. POTENTIAL REASONS FOR CESSATION OF A BENCHMARK

- 2.1 The Administrator keeps under review:
 - the structure and liquidity of the market underlying each Benchmark
 - The representativeness of the sample used to construct each Benchmark, whether this is an automated feed of data, submissions from a panel, or other mechanism or combination of mechanisms
 - The products each Benchmark seeks to facilitate or underpin
 - To the extent feasible, the user base for each Benchmark and the use to which they apply each Benchmark
- 2.2 In its review of the above factors it may be that the Administrator takes the view that the Benchmark is no longer representative of its intended interest, and that this cannot be remedied by a corrective change to the Benchmark methodology, design, or other aspect of the processes and procedures around the creation and usage of the Benchmark.
- 2.3 In the above case, the Administrator will follow the Benchmark Cessation Procedures laid out below. In extreme circumstances that the Administrator believes are beyond its control, it may be necessary to follow the Emergency Benchmark Cessation Procedures laid out below.



3. BENCHMARK CESSATION PROCEDURES

- 3.1 On becoming aware that due to the circumstances listed above or other circumstances that it may be necessary to cease calculation and distribution of a Benchmark, Thomson Reuters will carry out an analysis of the estimated breadth and depth of usage, contracts and financial instruments that reference the Benchmark and the economic and financial stability impact that might result from the cessation of the Benchmark, to ensure that the response is proportionate.
- 3.2 Where judged appropriate and proportionate by the Benchmark Review Panel, Thomson Reuters will carry out a public consultation to take into account the views of Stakeholders and any relevant Regulatory and National Authorities in determining what specific policies and procedures are appropriate in ceasing a particular benchmark.
- 3.3 In all cases, Thomson Reuters will take all reasonable steps to ensure that all users and other stakeholders are made aware as soon as possible of any intention or possible necessity to cease a benchmark
- 3.4 Such communications will be designed to give users and stakeholders as much warning as possible of an intention to cease calculation, and will be published on the Administrators' website as well as all the usual alert pages maintained on the Administrators' products.
- 3.5 Following the consultation, the Administrator will publish a summary of comments received, and a decision on whether to cease or not in a Cessation Notice.
- 3.6 If the decision is to cease, the Administrator the Cessation Notice will include an indicative calendar for this. The calendar will include a period of suspension, following which any further comments received will be considered before the final cessation of the Benchmark.
- 3.7 Where possible and appropriate, the Administrator will publish along with the Cessation Notice guidance for users and other stakeholders on potential alternative or replacement Benchmarks.

4. EMERGENCY BENCHMARK CESSATION PROCEDURES

- 4.1 It is possible *in extremis* that circumstances beyond the Administrators' control arise which mean that it is necessary to cease a Benchmark with little notice. This may include a sudden change in circumstances or markets that result in it being impossible to collect sufficient data to produce a viable benchmark, and impossible to source alternative or back up inputs.
- 4.2 Under these extreme circumstances, the Administrator will ensure that all relevant information including back-up plans and, and where possible and appropriate, information on alternative Benchmarks is published for users and stake as rapidly as possible, and updates are given as circumstances evolve.



5. ANNUAL REVIEW

This Policy will be reviewed on an annual or ad hoc basis to ensure it remains appropriate and consistent with industry standards. It will also be reviewed each time there is a change in the regulatory environment or significant business changes. The Benchmark Review Panel will approve each new version of this Policy; new versions will be published as required.