

# WM/Reuters Spot Rates Methodology

Trade Currencies

## TRADE CURRENCIES USING DATA FROM THOMSON REUTERS MATCHING, EBS AND CURRENEX:

CHF, EUR and JPY

## TRADE CURRENCIES USING DATA FROM THOMSON REUTERS MATCHING AND EBS:

AUD, CAD, CNH, GBP, HKD, NZD, RUB, SGD

## TRADE CURRENCIES USING DATA FROM THOMSON REUTERS MATCHING ONLY:

CZK, DKK, HUF, ILS, MXN, NOK, PLN, RON, SEK TRY and ZAR.

Please see the **Appendix I** matrix for further detail.

## DATA SOURCES AND HIERARCHY

1. The primary source of rates will be actual traded rates taken from Thomson Reuters Matching, EBS and Currenex, as detailed above. "Traded rates/Trades".
2. The secondary source of Rates will be the rates on the order matching systems of Thomson Reuters Matching, EBS and Currenex. "Order rates/Orders".
3. For the Intraday spot fixings 9pm UK to 12am UK inclusive, for AUD, CAD, GBP, HKD, NZD, SGD the primary source of rates will be data taken from Thomson Reuters Matching platform only.
4. Bank quotes from Thomson Reuters RICs will be captured for instances where neither 1 nor 2 are available. There will be no change to the capture or methodology of this data.

## TRADED RATES

5. From each data source, a single traded rate will be captured – this will be identified as a bid or offer depending on whether the Trade is a buy or sell.
6. A spread will be applied to the Trade rate to calculate the opposite bid or offer.
7. The spread applied will be determined by the Order rate captured at the same time.
8. All captured Trades will be subjected to validation checks.
9. Valid Trades from all sources, as identified above, captured during the fix period will be "pooled" together.
10. Subject to a minimum number of valid Trades being present within this pool of data – the Traded rates will be used for the fix.
11. A median Trade bid and Trade offer are calculated independently, using data from the single pool of trades across data sources.
12. The mid-rate is calculated from the median Trade bid and Trade offer.
13. A minimum standard spread is applied to the mid rate to calculate a bid and offer.
14. These bid and offer rates will be validated, prior to publication.

## ORDER RATES

15. If there are insufficient valid Traded rates from the pooled data sources, to be used in the fix then Order rates will be used.
16. From each data source, the best bid and best offer rates will be captured simultaneously to the Trade data from each data source.
17. All captured Order rates will be subjected to validation checks.
18. Order rates from different sources will not be pooled together.
19. Using valid Order rates, a median bid and offer are calculated independently, for each data source.
20. The mid-rate is calculated from the median Order bid and Order offer.
21. A minimum standard spread is applied to the mid-rate to calculate a bid and offer.
22. These bid and offer rates will be subjected to validation checks.
23. The bid, offer and mid rates from the data source with the highest number of valid Orders over the fix period will be selected as the rates for publication.
24. Consequently, the data source to be used will be driven by the market.
25. In the event that two or more data sources have an equal number of valid Orders, then an average of the mid-rate from these data sources will be used.
26. In the event that two or more data sources have a single Order only, the most up to date Order rates will be used.

## **TOLERANCE CHECKS**

27. All captured rates and fix rates will be subjected to a number of tolerance checks to ensure accurate and valid rates are used. This may result in some captured data being excluded from the fix calculation.

## **STANDARD SPREADS**

28. Pre-defined standard spreads are set for each currency at each fix to reflect liquidity at different times of day.
29. In order to reflect volatile market conditions, if the market dictates wider spreads than the standard spread then this will be represented in the fix – up to a maximum.

## SUMMARY OF CHANGES

### TRADE RATES:

1. Currently the following currencies have a single trade data source;

**Thomson Reuters Matching:** AUD, CAD, GBP, HKD, NZD, SGD

The introduction of additional trade data will amend this to be:

**Trade Currencies using data from Thomson Reuters Matching and EBS:**

AUD, CAD, GBP, HKD, NZD, SGD

With the exception of Intraday spot fixings from 9pm UK to 12am UK inclusive, where these currencies will only use data from Thomson Reuters Matching.

2. As AUD, CAD, GBP, HKD, NZD, SGD are presently sourced from a single trade data source, there is effectively no “pooling” of Traded data from different data sources. This change will see Traded data from the specified data sources used to calculate the WM/Reuters rates i.e. Thomson Reuters Matching and EBS.
3. The minimum number of valid Trades will be checked against this “pool” of data from all data sources.

### ORDER RATES

4. The methodology will determine which Order rates to use, from which source based on the number of valid Order rates during the calculation window
5. Where there are an equal number of Order rates across sources either an average of these sources or the most recent Order rates will be used to calculate the WM/Reuters rates.

## Appendix 1 Source of WM/Reuters Spot Benchmark Data – Traded Currencies

ISO	Thomson Reuters Matching	EBS	Currenex
AUD	Included in all benchmark rate calculations	Included in all benchmark rate calculations, <b>except from 9pm to 12am UK inclusive</b>	
CAD	Included in all benchmark rate calculations	Included in all benchmark rate calculations, <b>except from 9pm to 12am UK inclusive</b>	
CHF	Included in all benchmark rate calculations	Included in all benchmark rate calculations	Included in all benchmark rate calculations
CNH	Included in all benchmark rate calculations	Included in all benchmark rate calculations	
CZK	Included in all benchmark rate calculations		
DKK	Included in all benchmark rate calculations		
EUR	Included in all benchmark rate calculations	Included in all benchmark rate calculations	Included in all benchmark rate calculations
GBP	Included in all benchmark rate calculations	Included in all benchmark rate calculations, <b>except from 9pm to 12am UK inclusive</b>	
HKD	Included in all benchmark rate calculations	Included in all benchmark rate calculations, <b>except from 9pm to 12am UK inclusive</b>	
HUF	Included in all benchmark rate calculations		
ILS	Included in all benchmark rate calculations		
JPY	Included in all benchmark rate calculations	Included in all benchmark rate calculations	Included in all benchmark rate calculations
MXN	Included in all benchmark rate calculations		
NOK	Included in all benchmark rate calculations		
NZD	Included in all benchmark rate calculations	Included in all benchmark rate calculations, <b>except from 9pm to 12am UK inclusive</b>	
PLN	Included in all benchmark rate calculations		
RON	Included in all benchmark rate calculations		
RUB	Included in all benchmark rate calculations	Included in all benchmark rate calculations	
SEK	Included in all benchmark rate calculations		
SGD	Included in all benchmark rate calculations	Included in all benchmark rate calculations, <b>except from 9pm to 12am UK inclusive</b>	
TRY	Included in all benchmark rate calculations		
ZAR	Included in all benchmark rate calculations		