



# **ICE DATA INDICES, LLC**

## **CONSULTATION POLICY**

January 2022

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## 1. OVERVIEW

In the Principles for Financial Benchmarks issued by the International Organization of Securities Commissions (IOSCO) in July 2013<sup>1</sup>, Principle 12 “Changes to the Methodology” states: “An Administrator should Publish or Make Available the rationale of any proposed material change in its Methodology, and procedures for making such changes”.

In addition, as a third country Benchmark Administrator, IDI must also consider the provisions relating to the Transparency of methodology requirements under the European Union and UK Benchmarks Regulations (“EU BMR”<sup>2</sup> & “UK BMR”<sup>3</sup>) and ensure that application of the IOSCO Principles is equivalent to compliance with such Regulations. The EU and UK BMR Transparency of methodology requirements (Article 13) states that “An administrator shall develop, operate and administer the benchmark and methodology transparently. To that end, the administrator shall publish or make available the following information:...the procedures for consulting on any proposed material change in the administrator's methodology and the rationale for such changes, including a definition of what constitutes a material change and the circumstances in which the administrator is to notify users of any such changes.”

This Consultation Policy (“Policy”) addresses the above requirements for ICE Data Indices, LLC (“IDI”), a wholly owned subsidiary of Intercontinental Exchange, Inc., and sets out how IDI obtains feedback on material changes it makes to its Methodology.

Terms used but not defined in this document have the meanings given to them in the IOSCO Principles or applicable IDI or ICE policy.

## 2. CONSULTATION PROCESS

From time to time, IDI will consult with its Stakeholders and Subscribers when it is proposing to make material changes to its indices.

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<sup>1</sup> Available at <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD415.pdf>.

<sup>2</sup> [\*Regulation \(EU\) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds.\*](#)

<sup>3</sup> [\*The Benchmarks \(Amendment and Transitional Provision\) \(EU Exit\) Regulations 2019\*](#)  
<https://www.legislation.gov.uk/ukxi/2019/657/contents>

## 2.1. MATERIALITY

IDI defines a material change as any change in the manner or process by which Benchmark constituents are selected or the Benchmark is calculated, or the interpretation of such manner or process, such that the Benchmark performance or published values will be significantly affected. Changes that do not involve any modification in calculation methods or rebalancing processes, are for clarification purposes or are simply cosmetic in nature, are considered immaterial.

The determination of the need for a material change may arise for a variety of reasons, including as a result of feedback from Subscribers or internal working groups, or as a result of findings from periodic reviews or rebalancing events. The need for a material change may also result from market events, or changes in regulation or applicable law.

Subject to an emergency situation (see section 1.3 below), and in accordance with IDI policies and procedures, proposals to make material changes, which trigger consultations with Stakeholders, will be presented to the IDI Governance Committee for review and authorization, and are documented accordingly.

Immaterial changes will not trigger a consultation with Stakeholders. The IDI Governance Committee will nonetheless be informed when any immaterial changes have been made for oversight purposes and they will be published and documented accordingly.

## 2.2. PROCESS

After determining that a material change is required, IDI will prepare the consultation proposals. In preparing the proposals, it is important that IDI take into account a number of factors, including, but not limited to the following:

- The regulatory or legal obligations of the Benchmark provider as well as Stakeholders and Subscribers who are impacted by the proposals,
- other regulatory or legal implications of the proposed changes,
- the number of Stakeholders and Subscribers potentially impacted by the proposals and the degree to which they will be affected,
- the nature of the Benchmark(s) affected by the change (e.g., used as underlying for passive product; used as performance Benchmark for active funds; primarily used for research and analysis) and the degree to which they are affected,
- any operational implications of the proposed changes,
- any additional changes to processes and procedures that may be needed as a result of the proposals (for example, the surveillance processes),
- whether the proposals are clearly articulated and give a balanced view of the likely implications,
- whether the Benchmark and underlying market data, and any other background information needed to evaluate the proposals, is available and clearly presented,
- whether feedback questions are clear and unambiguous,
- whether the length of the consultation period is sufficient,
- how consultation responses will be analyzed and what criteria will be used in evaluating them, and

- who will be able to access the consultation responses.

Consultation proposals are shared with the IDI Governance Committee for their oversight and approval.

For some of IDI's indices, including custom indices, the number of Stakeholders and Subscribers is limited and in those cases a consultation will be undertaken directly with such entities. Where the Benchmark, subject to the change, is used broadly, IDI shall announce the consultation to the market by posting an announcement on the primary IDI distribution platform for the applicable Benchmark<sup>4</sup>. In addition, other communication channels may also be utilized, including the following: market data portal; press release; specific client communications; social media including LinkedIn and Twitter; and other such forms of communication (collectively, "Alternate Communication Channels"). The consultation period will be set out in the consultation notice. Feedback is sought from all Stakeholders and Subscribers.

In both scenarios, the responses and feedback received are analyzed by the relevant team at IDI. In certain cases, further discussion may be needed with specific respondents to ensure their views are clearly understood. After taking all feedback into consideration, the IDI team will prepare, for the IDI Governance Committee's review and approval, a final report that presents the findings and a final recommendation to either (i) adopt the original proposal, (ii) adopt a modified version of the original proposal, or (iii) leave the methodology unchanged.

If a methodology change is approved, the nature and timing of the adoption of the change will be announced publicly, along with a summary of the Consultation findings. Announcements will be made via the primary IDI distribution platform for the affected indices and, in addition, Alternate Communication Channels may also be utilized. A press release may be disseminated in certain cases for major Benchmarks or significant methodology changes.

In the case of a Benchmark decommissioning, the [Index Cessation & Transition policy and procedure](#) will be followed, which requires a consideration of certain factors before reaching a final decision to cease production of the Benchmark, including considering whether any financial products are tied to it, as well as the availability of any potential replacements or substitute Benchmarks for Stakeholders and Subscribers who use the Benchmark.

## 2.3. EMERGENCY PROCEDURES

While IDI will make every effort to consult with Stakeholders and Subscribers on all material changes to its Benchmarks, certain events may occur which require that IDI take immediate action. Such changes may occur as a result of market events, or changes in regulation or legislation. After having advised the IDI Governance Committee of the need for an emergency change, the changes will be announced publicly via the primary IDI distribution platform for the affected indices and, in addition, Alternate Communication Channels may also be utilized.

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<sup>4</sup> IDI Website: <https://www.theice.com/market-data/indices> or the ICE Index Platform <https://indices.theice.com/>

### **3. REVIEW**

This Consultation Policy is subject to review on a periodic basis, and at least annually. This Policy may be subject to more frequent review and revision based on business and/or regulatory changes.

### **4. AVAILABILITY OF DOCUMENTATION**

This Policy shall be published on IDI's website [www.theice.com/market-data/indices/regulation](http://www.theice.com/market-data/indices/regulation).

### **5. QUERIES**

If you have any questions regarding this Policy, you should consult with the IDI Compliance Officer or Legal Department on [Legal&Regulatory-ICEDataIndices@Theice.com](mailto:Legal&Regulatory-ICEDataIndices@Theice.com)

### **6. APPROVAL**

This Policy has been approved by the IDI Governance Committee.