



**ICE BENCHMARK ADMINISTRATION**  
**ICE SWAP RATE – IOSCO ASSESSMENT REPORT**

**Introduction**

ICE Benchmark Administration Limited (“IBA”), an independent subsidiary of Intercontinental Exchange (ICE) group, is responsible for the end-to-end administration of the following three systemically important benchmarks.

- ICE LIBOR — the world's most widely used benchmark for short term bank borrowing rates
- LBMA Gold Price — the principal global benchmark for daily gold prices, and
- ICE Swap Rate (formerly known as ISDAFIX) — the global interest rate swap benchmark for swap rates and spreads.

IBA is the world's most experienced administrator for regulated benchmarks.

**Background to the IOSCO Principles**

In July 2013, the Board of the International Organization of Securities Commissions issued Principles for Financial Benchmarks<sup>1</sup> with the aim of promoting the reliability of Benchmark determinations and to address Benchmark governance, quality and accountability mechanisms.

As such, they are a set of recommended practices that IOSCO consider should be implemented by Benchmark Administrators and Submitters with a proportionate approach taking into account the size and risks posed by the relevant benchmark and/or benchmark administrator and the benchmark-setting process.

IBA is one of only four benchmark administrators to have been formally assessed by an IOSCO review team for compliance with the Principles. The first review was in 2014 with subsequent reviews in 2015 and 2016.

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

## **Background to ICE Swap Rate**

The International Swaps and Derivatives Association (“ISDA”) was the Benchmark Administrator for ISDAFIX, with Thomson Reuters as the Calculation Agent until, following a tender process, IBA was selected as the new Administrator (including the Calculation Agent). IBA became responsible for all aspects of ISDAFIX with effect from 1 August 2014.

At that time, ISDAFIX was a benchmark based on submissions. Submitting banks were asked to provide an on-the hour mid-market rate in the relevant maturity, in respect of trading in a typical contract size and on a cleared basis.

However, driven by the increasing standardisation of financial instruments and the more capital efficient treatment of non-OTC products, there was a shift of interest rate swap trading from phone-based bilateral markets to regulated electronic multilateral markets, being Swap Execution Facilities (“SEFs”) regulated by the US Commodities Futures Trading Commission (CFTC) or Multilateral Trading Facilities (“MTFs”) regulated by the FCA.

Banks in particular, including but not limited to the ISDAFIX panel banks, were transacting an increasing share of their Interest Rate Swap business on these electronic markets. As a consequence, the multilateral prices posted on SEFs and MTFs became a true reflection of the prices at which swaps could be traded in significant sizes in the market, and at costs substantially below the costs incurred from OTC trading.

It was therefore agreed between ISDA, ISDA’s Benchmark Committee and IBA that the benchmark would move from a trimmed average of bank submissions to a volume weighted average price calculated from live tradable prices quoted on MTFs. This transition was successfully achieved on 31 March 2015 and ISDAFIX was renamed ICE Swap Rate with effect from 1 April 2015.

It was the first global benchmark to transition from a submission-based rate to one based on tradable quotes sourced from regulated electronic trading venues and using no subjective or expert judgment.

## **About ICE Swap Rate**

ICE Swap Rate (“ISR”) is the principal global benchmark for swap rates and spreads for interest rate swaps. It represents the mid-price for interest rate swaps (the fixed leg), at particular times of the day, in three major currencies (EUR, GBP and USD) and in tenors ranging from 1 year to 30 years.

ISR is used as the exercise value for swaptions, for close-out payments on early terminations of interest rate swaps, for some floating rate bonds and for valuing portfolios of interest rate swaps.

The calculation of ISR is based on IBA combining prices and volumes from trading venues to create a synthetic order book that represents the best prices (and accompanying volumes) available in the market during a two-minute window prior to the publication of the benchmark. The methodology therefore accurately reflects the mid-market value at the time.

The following is a summary of the calculation steps:

- IBA receives data feeds from the relevant MTFs and SEFs and captures two minutes of tick update data of the top 10 levels of each trading venue's order book. This market data is uploaded directly onto IBA's server located in a secure data centre
- After the data files provided by MTFs and SEFs are verified by IBA through a number of data validation tests, IBA combines the order books at 24 randomised points in time into 'snapshots' by ranking the different prices available across all venues at a given time and aggregating the volumes at each of the price levels. The snapshots are therefore based on tradable quotes formed by the competitive forces of supply and demand
- IBA creates a synthetic global order book at each snapshot time, with the system theoretically 'hitting' the bids available in the Global Book and theoretically 'lifting' the offers available in the Global Book to "fill" the standard market size for each currency / tenor point. The volume-weighted price of each theoretical order is the volume-weighted bid ("VWB") and volume-weighted offer ("VWO"), respectively. The mid-price between the VWB and the VWO is the volume-weighted mid-price ("VWMP") for the particular snapshot
- The snapshots are VWMPs are subject to data integrity checks to remove outliers, illiquid snapshots and crossed order books.
- Each of the remaining VWMPs is then assigned a weighting according to a formula and averaged to arrive at the ISR rate for each tenor.

Full details of the calculation are published at:

[https://www.theice.com/publicdocs/ICE\\_Swap\\_Rate\\_Full\\_Calculation\\_Methodology.pdf](https://www.theice.com/publicdocs/ICE_Swap_Rate_Full_Calculation_Methodology.pdf)

ISR is one of eight regulated benchmarks in the UK, termed 'Specified Benchmarks', as described further below.

IBA's benchmark technology platform is hosted in the ICE Group's exchange-class data centres in the US. The technology is a purpose-built benchmark calculation system to ensure the appropriate level of audit trails, security and segregation. Data is automatically collected from the trading venues through a secure server, calculated and processed in IBA's systems and then the results are published to redistributors over IBA's secure server.

### **About IBA**

IBA is a UK company based in London. It was established for the purpose of administering benchmarks and became a wholly-owned subsidiary of the Intercontinental Exchange group (ICE) which is one of the world's leading market operators. IBA now specialises in generating market-neutral consensus estimates of key financial data including benchmarks.

In July 2013, IBA was selected<sup>2</sup> by an independent committee appointed by HM Treasury as the new administrator of LIBOR. IBA became authorised and regulated by the FCA and began administering LIBOR from 3 February 2014.

IBA became the Administrator of ISDAFIX (now ISR) in August 2014 and of the LBMA Gold Price in March 2015.

In October 2015, following a public tender, ISDA selected IBA to build and operate a crowd-sourcing utility for the industry-developed Standard Initial Margin Model (“SIMM”) for managing the exchange of collateral for uncleared swaps transactions. This has been developed by IBA and will be put into production when new rules come into effect requiring swaps counterparties to post initial margin on their derivatives transactions.

The essential elements of IBA’s approach can be summarised as follows, that IBA is:

- independent and neutral resourced solely for the purpose of generating market-neutral consensus estimates of key financial data including benchmarks
- a separately capitalised, self-sustaining business within the ICE group
- committed for the long-term to the highest practice standards
- governed by its own Board with a majority of Independent Non- Executive Directors (INEDs)
- advised by Oversight Committees with wide representation to encompass a broad range of perspectives and with relevant knowledge to oversee our codes of conduct and other measures of good practice
- experienced in using a range of statistical analyses utilising bespoke surveillance tools to identify anomalies in data, and
- experienced in evolving benchmarks to more robust methodologies.

IBA has contractual arrangements with the ICE group for the provision of certain central services such as IT, premises, legal and HR.

IBA’s Exchange-class systems infrastructure is purpose-built for benchmarks, and is highly automated, highly resilient and highly secure. It was designed to have zero barriers to entry for submitters, users and redistributors and also to scale to fully automated STP (Straight-Through-Processing) for more sophisticated firms. Our systems are fully auditable and we have extensive back-up arrangements that allow us to continue to operate as normal through disruptive events with minimal or no external impact.

IBA is the administrator with the most experience and expertise in complying with the FCA’s requirements for benchmark administrators. The requirements are outlined in the following section.

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<sup>2</sup> Under IBA’s former name - NYSE Euronext Rate Administration Limited

### **FCA requirements**

As the Administrator of three benchmarks regulated by the FCA, IBA is required to fulfil requirements in the FCA's Handbook, and in particular the benchmark-specific rules in section 8.3 of the chapter on Market Conduct (MAR).

The FCA's requirements for benchmarks are contained the Market Conduct section of the FCA Handbook (MAR 8).

The specific requirements for Benchmark Administrators are in MAR 8.3. In summary, Benchmark Administrators must be authorised by the FCA and must:

- implement credible governance and oversight measures
- appoint an Oversight Committee which includes representatives of benchmark submitters or providers of data, market infrastructure providers, users of the Specified Benchmark and at least two independent non-executive directors of the benchmark administrator
- establish practice standards
- identify and manage conflicts of interest that may arise
- monitor and survey benchmark submissions to identify breaches of practice standards and/or potentially manipulative behaviour
- report any suspicious behaviour to the FCA
- have Whistle-blowing procedures to enable third parties to notify any suspicions to the benchmark administrator
- maintain sufficient financial resources to cover operating costs for nine months. The assets must be segregated from those of any other group entity and must be capable of being liquidated if necessary with minimal adverse price effect
- have regard to maintaining the integrity of the market and the continuity of the benchmark
- ensure confidentiality of sensitive information, and
- ensure FRAND (fair, reasonable and non-discriminatory) access to the benchmark for relevant users and charge a fee (if any) for access to the benchmark at a reasonable commercial price.

### **Further information**

IBA's contact details are:

- by email to [IBA@theice.com](mailto:IBA@theice.com)
- by telephone to +44 (0)20 7429 710, or
- by post at: ICE Benchmark Administration Limited, Milton Gate, 60 Chiswell St, London, EC1Y 4SA.

Further details about IBA and ISR can be found at <https://www.theice.com/iba/ice-swap-rate>.

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**ICE SWAP RATE - ASSESSMENT OF COMPLIANCE WITH THE IOSCO PRINCIPLES FOR FINANCIAL BENCHMARKS**

| <b>Principle #</b> | <b>Principle category</b>  | <b>Principle heading</b>                    | <b>IBA's assessment</b> |
|--------------------|----------------------------|---|-------------------------|
| 1                  | Governance                 | Overall responsibility of the administrator | Fully Implemented       |
| 2                  |                            | Oversight of third parties                  | Fully Implemented       |
| 3                  |                            | Conflicts of Interest                       | Fully Implemented       |
| 4                  |                            | Control Framework for Administrators        | Fully Implemented       |
| 5                  |                            | Internal Oversight                          | Fully Implemented       |
| 6                  | Quality of the Benchmark   | Benchmark Design                            | Fully Implemented       |
| 7                  |                            | Data Sufficiency                            | Fully Implemented       |
| 8                  |                            | Hierarchy of data inputs                    | Fully Implemented       |
| 9                  |                            | Transparency of Benchmark Determinations    | Fully Implemented       |
| 10                 |                            | Periodic review                             | Fully Implemented       |
| 11                 | Quality of the Methodology | Content of the Methodology                  | Fully Implemented       |
| 12                 |                            | Changes to the Methodology                  | Fully Implemented       |
| 13                 |                            | Transition                                  | Fully Implemented       |
| 14                 |                            | Submitter Code of Conduct                   | Not Applicable          |
| 15                 |                            | Internal controls over data collection      | Fully Implemented       |
| 16                 | Accountability             | Complaints Procedure                        | Fully Implemented       |
| 17                 |                            | Audits                                      | Fully Implemented       |
| 18                 |                            | Audit Trail                                 | Fully Implemented       |
| 19                 |                            | Cooperation with regulatory authorities     | Fully Implemented       |

## PRINCIPLES AND RESPONSES

The table below sets out the response of ICE Benchmark Administration Limited (“IBA”) in terms of how it meets the objectives of the IOSCO Principles.

### Principle 1 – Overall Responsibility of the Administrator

| IOSCO Principle 1  | IBA’s Response  |
|--|---|
| <p>The Administrator should retain primary responsibility for all aspects of the Benchmark determination process. For example, this includes:</p> <ul style="list-style-type: none"> <li>a) Development: The definition of the Benchmark and Benchmark Methodology;</li> <li>b) Determination and Dissemination: Accurate and timely compilation and publication and distribution of the Benchmark;</li> <li>c) Operation: Ensuring appropriate transparency over significant decisions affecting the compilation of the Benchmark and any related determination process, including contingency measures in the event of absence of or insufficient inputs, market stress or disruption, failure of critical infrastructure, or other relevant factors; and</li> <li>d) Governance: Establishing credible and transparent governance, oversight and accountability procedures for the Benchmark determination process, including an identifiable oversight function accountable for the development, issuance and operation of the Benchmark.</li> </ul> | <p>ICE Swap Rate (“ISR”), formerly known as ISDAFIX, is one of three systemically important benchmarks administered by ICE Benchmark Administration Limited (“IBA”).</p> <p>ISR is recognised as the principal global benchmark for swap rates and spreads for interest rate swaps. It represents the mid-price for interest rate swaps (the fixed leg), at particular times of the day, in three major currencies (EUR, GBP and USD) and in tenors ranging from 1 year to 30 years.</p> <p>IBA’s calculation of ISR uses tradable quotes sourced from regulated electronic trading venues, with no subjective or expert judgment.</p> <p>ISR is a Specified Benchmark regulated by the Financial Conduct Authority (“FCA”) and therefore IBA is required to comply with the regulator’s requirements for benchmark administrators as set out in MAR 8.3 in the Chapter 8 (Benchmarks) of the FCA’s Market Conduct Sourcebook. These requirements govern the benchmark determination, including its development, design, calculation, maintenance, dissemination, operation and governance. Our policies, methodology and processes are further explained below.</p> <p>IBA retains sole responsibility for all aspects of the ISR’s determination process and, through the ICE Swap Rate Oversight Committee and its calendar of agenda items, reviews and approves all aspects of the determination of the benchmark, including the methodology, definition of the benchmark, suitability of inputs, scope of the benchmark and the setting of the benchmark.</p> |

## Principle 2 – Oversight of Third Parties

| IOSCO Principle 2  | IBA's Response   |
|--|--|
| <p>Where activities relating to the Benchmark determination process are undertaken by third parties - for example collection of inputs, publication or where a third party acts as Calculation Agent - the Administrator should maintain appropriate oversight of such third parties. The Administrator (and its oversight function) should consider adopting policies and procedures that:</p> <ul style="list-style-type: none"> <li>a) Clearly define and substantiate through appropriate written arrangements the roles and obligations of third parties who participate in the Benchmark determination process, as well as the standards the Administrator expects these third parties to comply with;</li> <li>b) Monitor third parties' compliance with the standards set out by the Administrator;</li> <li>c) Make Available to Stakeholders and any relevant Regulatory Authority the identity and roles of third parties who participate in the Benchmark determination process; and</li> <li>d) Take reasonable steps, including contingency plans, to avoid undue operational risk related to the participation of third parties in the Benchmark determination process.</li> </ul> <p>This Principle does not apply in relation to a third party from whom an Administrator sources data if that third party is a Regulated Market or Exchange.</p> | <p>IBA's calculation of ISR uses tradable quotes sourced from electronic trading venues which are third parties within the definition of "Regulated Markets or Exchanges" in the IOSCO Principles for Financial Benchmarks (i.e. the venues are markets or exchanges regulated and/or supervised by a Regulatory Authority).</p> <p>IBA handles all aspects of the Benchmark determination process for the ISR and uses no Calculation Agent or Publication Agent.</p> |



### Principle 3 – Conflicts of Interest

| IOSCO Principle 3   | IBA's Response  |
|---|---|
| <p>To protect the integrity and independence of Benchmark determinations, Administrators should document, implement and enforce policies and procedures for the identification, disclosure, management, mitigation or avoidance of conflicts of interest. Administrators should review and update their policies and procedures as appropriate.</p> <p>Administrators should disclose any material conflicts of interest to their users and any relevant Regulatory Authority, if any.</p> <p>The framework should be appropriately tailored to the level of existing or potential conflicts of interest identified and the risks that the Benchmark poses and should seek to ensure:</p> <p>a) Existing or potential conflicts of interest do not inappropriately influence Benchmark determinations;</p> <p>b) Personal interests and connections or business connections do not compromise the Administrator's performance of its functions;</p> <p>c) Segregation of reporting lines within the Administrator, where appropriate, to clearly define responsibilities and prevent unnecessary or undisclosed conflicts of interest or the perception of such conflicts;</p> <p>d) Adequate supervision and sign-off by authorized or qualified employees prior to releasing Benchmark determinations;</p> <p>The confidentiality of data, information and other inputs submitted to, received by or produced by the Administrator, subject to the disclosure obligations of the Administrator;</p> <p>Effective procedures to control the exchange of information between staff engaged in activities involving a risk of conflicts of interest or between staff and third parties, where that information may reasonably affect any Benchmark determinations; and</p> | <p>IBA is a distinct entity within the Intercontinental Exchange group and has its own independent board comprised of Executive Directors and Independent Non-Executive Directors.</p> <p>The following are cornerstones of IBA's arrangements to ensure neutrality and the absence of conflicts of interest:</p> <ul style="list-style-type: none"> <li>• a strong regulatory culture and philosophy, as established by the IBA Board and senior management;</li> <li>• management of conflicts of interest and confidentiality through physical, logical and contractual controls;</li> <li>• internal governance structures and management arrangements designed to ensure that regulatory management and staff can take appropriate action without influence from those responsible for business development;</li> <li>• the Group's Code of Business Conduct and Ethics which includes policies and procedures for the identification, reporting, disclosure, management, mitigation and avoidance of conflicts of interest;</li> <li>• IBA's own Conflicts of Interest Policy which describes the arrangements for the identification, management, disclosure and mitigation of conflicts of interests. The Policy is published on IBA's website. This Conflicts of Interest Policy is owned by Compliance at IBA and is subject to annual review and sign off by the Board of Directors of IBA;</li> <li>• IBA's staff are not involved in any activities related to the ICE Group more generally; and</li> <li>• the ICE Swap Rate Oversight Committee is comprised of an independent Chairperson, market representatives and industry bodies, Independent Non-Executive Directors of IBA, and IBA representatives. The Oversight Committee is responsible for monitoring the administration of the benchmark.</li> </ul> |

| IOSCO Principle 3  | IBA's Response   |
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| <p>Adequate remuneration policies that ensure all staff who participate in the Benchmark determination are not directly or indirectly rewarded or incentivized by the levels of the Benchmark.</p> <p>An Administrator's conflict of interest framework should seek to mitigate existing or potential conflicts created by its ownership structure or control, or due to other interests the Administrator's staff or wider group may have in relation to Benchmark determinations. To this end, the framework should:</p> <p>Include measures to avoid, mitigate or disclose conflicts of interest that may exist between its Benchmark determination business (including all staff who perform or otherwise participate in Benchmark production responsibilities), and any other business of the Administrator or any of its affiliates; and</p> <p>Provide that an Administrator discloses conflicts of interest arising from the ownership structure or the control of the Administrator to its Stakeholders and any relevant Regulatory Authority in a timely manner.</p> | <p>IBA's procedures for handling conflicts of interest are based on structure, disclosure and contractual provisions, as follows:</p> <ul style="list-style-type: none"> <li>• <i>administrative and organisational structure</i>: IBA's offices are segregated from other areas, with key card access so that other ICE staff cannot access the offices.<br/>IBA's corporate governance structure minimises the potential for conflicts of interest.</li> <li>• <i>disclosure</i>: An Oversight Committee member is required to notify IBA if s/he finds himself/herself conflicted in a way which IBA may not otherwise anticipate – where, for example the Committee member is in the process of changing employment and the potential change gives rise to a conflict with the individual's duties as a member of the Committee.</li> <li>• <i>contractual provisions</i>: Certain types of conflict of interest are anticipated in the contractual provisions to which Committee members are subject and these provisions require explicit advance consent for certain matters.</li> </ul> <p>The ISR benchmark is determined through an automated process with no Expert Judgement involved and uses a random snapshot method to make it inherently difficult to manipulate the benchmark.</p> <p>With respect to the first set of recommendations (a) of the Principle, to protect against conflicts of interest in swap rate design, calculation, and maintenance, all IBA employees are bound, inter alia, by:</p> <ul style="list-style-type: none"> <li>• IBA's Conflict of Interest Policy</li> <li>• the ICE group's Code of Business Conduct and Ethics</li> <li>• the ICE group's Personal Dealing Policy.</li> </ul> <p>IBA's Conflict of Interest Policy is reviewed and approved annually. The remaining policies are reviewed and approved on an ad-hoc basis.</p> <p>IBA staff are trained on these policies on joining the organisation and required to re-confirm adherence on an annual basis. Employees receive code of business</p> |

| IOSCO Principle 3 | IBA's Response   |
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|                   | <p>conduct and ethics training as well as conflicts of interest training provided annually by the Group online.</p> <p>IBA's Conflict of Interest Policy describing the arrangements for the identification, management, disclosure and mitigation of conflicts of interests is owned by Compliance at IBA and is subject to annual review and sign off by the Board of Directors of IBA.</p> <p>The Policy is supported by procedures and conflicts of interest registers which record conflicts identified, corresponding mitigants and owners of conflict management.</p> <p>With respect to (b), the group's Personal Dealing Policy states that IBA staff are not allowed to trade any ISR related products. An Annual Attestation is signed by all covered employees and retained by ICE Group.</p> <p>With respect to (c), IBA is a distinct business for the administration of benchmarks within the ICE group. No decisions made by the ICE Group, for example product listings, influence IBA's strategy.</p> <p>With respect to (d), the system enforces a dual authorisation before a benchmark rate is released for publication.</p> <p>With respect to (e), IT controls over access and change to the systems exist to restrict staff as appropriate to only those within IBA or directly supporting IBA. Staff within the broader ICE group are logically and physically segregated from the IBA business and staff. IBA's offices are segregated from other areas, with key card access so that other ICE staff cannot access the offices.</p> <p>Confidentiality of data within IBA is protected through user access restrictions.</p> <p>With respect to (f) the composition of the ISR Oversight Committee includes third parties, as required by the FCA. Oversight Committee members' letters of appointment oblige them to report conflicts of interest to IBA and a check on potential conflicts is made at the beginning of every Oversight Committee meeting.</p> <p>IBA's Conflicts of Interest register captures conflicts disclosed by Committee members together with associated mitigants.</p> |

| IOSCO Principle 3 | IBA's Response  |
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|                   | <p>With respect to (g) IBA staff's remuneration is not linked to the level of the ISR.</p> <p>With respect to the second set of recommendations (a) and (b) of the Principle, any members of the ICE group who access the benchmark rates do so on same terms as other users, including both technical access arrangements and licence fees.</p> <p>IBA is part of the wider ICE group and conflicts, or perceived conflicts, may therefore arise through this ownership. These are acknowledged and managed via IBA's Conflicts of Interest Register and published within the Conflicts of Interest Policy which states that:</p> <p>"7.4 [...] Potential conflicts of interest may exist between IBA's role as the administrator of the ICE Swap Rate and the interests of other companies in the ICE Group that provide trading and clearing facilities for other interest rate products. IBA is ring-fenced and any interaction with other group facilities for gold or interest rate products is at arm's length and as IBA license holders.</p> <p>7.5 To the extent, if any, that these circumstances represent an actual or potential conflict of interests for IBA or for any individuals connected with IBA, such conflict is managed effectively through the rigorous internal policies and corporate governance structures implemented by both ICE and IBA. The ICE group's integrity is very valuable and would of course not be placed in jeopardy in any way."</p> |

#### Principle 4 – Control Framework for Administrators

| IOSCO Principle 4   | IBA's Response   |
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| <p>An Administrator should implement an appropriate control framework for the process of determining and distributing the Benchmark. The control framework should be appropriately tailored to the materiality of the potential or existing conflicts of interest identified the extent of the use of discretion in the Benchmark setting process and to the nature of Benchmark inputs and outputs. The control framework should be documented and available to relevant Regulatory Authorities, if any. A summary of its main features should be Published or Made Available to Stakeholders.</p> <p>This control framework should be reviewed periodically and updated as appropriate. The framework should address the following areas:</p> <p>a) Conflicts of interest in line with Principle 3 on conflicts of interests;</p> <p>b) Integrity and quality of Benchmark determination:</p> <ol style="list-style-type: none"> <li>i. Arrangements to ensure that the quality and integrity of Benchmarks is maintained, in line with principles 6 to 15 on the quality of the Benchmark and Methodology;</li> <li>ii. Arrangements to promote the integrity of Benchmark inputs, including adequate due diligence on input sources;</li> <li>iii. Arrangements to ensure accountability and complaints mechanisms are effective, in line with principles 16 to 19; and</li> <li>iv. Providing robust infrastructure, policies and procedures for the management of risk, including operational risk.</li> </ol> <p>c) Whistleblowing mechanism:</p> <p>Administrators should establish an effective whistleblowing mechanism to facilitate early awareness of any potential misconduct or irregularities that may arise. This mechanism should allow for external reporting of such cases where appropriate.</p> | <p>IBA has a governance structure and a number of controls in place to manage conflicts of interest and the robustness and integrity of the design and development of the ISR methodology as well as the benchmark operations and calculation.</p> <p>IBA has developed and implemented a control framework for the design, calculation, maintenance and distribution of ISR. It is formally documented and the IBA Board is responsible for regularly reviewing the control framework and its effectiveness.</p> <p>The control framework is an overarching document that along with methodologies, policies and procedures, oversight and accountability mechanisms, and business processes covers the requirements of the IOSCO Principles. A summary of the main features are set out below:</p> <p>The control framework describes processes and control activities relating to:</p> <ol style="list-style-type: none"> <li>a. how conflicts of interest are managed and resolved in the business (covered in Principle 3).</li> <li>b. (i), (ii), (iii), (iv) the integrity and quality of the design, calculation, maintenance and distribution of ISR (covered in Principles 6 to 19); the automated calculation and distribution of the benchmark; and IT General Controls ("ITGCs") supporting the ISR calculation, maintenance and distribution processes, including system-enforced password authorisation from two operators.</li> </ol> <p>The ITGCs also include: User access management; systems change control; and Backup procedures.</p> <p>IBA has a formally documented risk framework, approved by IBA's Board.</p> <ol style="list-style-type: none"> <li>c. There is a formal whistle-blower policy in place. An annual Whistleblowing report is made to the IBA Board.</li> <li>d. All employees are subject to external screening prior to appointment and then</li> </ol> |

| IOSCO Principle 4   | IBA's Response   |
|---|--|
| <p>d) Expertise:</p> <ul style="list-style-type: none"> <li>i. Ensuring Benchmark determinations are made by personnel who possess the relevant levels of expertise, with a process for periodic review of their competence; and</li> <li>ii. Staff training, including ethics and conflicts of interest training, and continuity and succession planning for personnel.</li> </ul> <p><b>Where a Benchmark is based on Submissions:</b> Administrators should promote the integrity of inputs by:</p> <ul style="list-style-type: none"> <li>a) Ensuring as far as possible that the Submitters comprise an appropriately representative group of participants taking into consideration the underlying Interest measured by the Benchmark;</li> <li>b) Employing a system of appropriate measures so that, to the extent possible, Submitters comply with the Submission guidelines, as defined in the Submitter Code of Conduct and the Administrators' applicable quality and integrity standards for Submission;</li> <li>c) Specifying how frequently Submissions should be made and specifying that inputs or Submissions should be made for every Benchmark determination; and</li> <li>d) Establishing and employing measures to effectively monitor and scrutinise inputs or Submissions. This should include pre-compilation or pre-publication monitoring to identify and avoid errors in inputs or Submissions, as well as ex-post analysis of trends and outliers.</li> </ul> | <p>required to complete a probationary period of employment which includes training on benchmark production. All employees are subject to annual performance appraisals.</p> |

## Principle 5 – Internal Oversight

| IOSCO Principle 5  | IBA's Response   |
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| <p>Administrators should establish an oversight function to review and provide challenge on all aspects of the Benchmark determination process. This should include consideration of the features and intended, expected or known usage of the Benchmark and the materiality of existing or potential conflicts of interest identified.</p> <p>The oversight function should be carried out either by a separate committee, or other appropriate governance arrangements. The oversight function and its composition should be appropriate to provide effective scrutiny of the Administrator. Such oversight function could consider groups of Benchmarks by type or asset class, provided that it otherwise complies with this Principle.</p> <p>An Administrator should develop and maintain robust procedures regarding its oversight function, which should be documented and available to relevant Regulatory Authorities, if any. The main features of the procedures should be Made Available to Stakeholders. These procedures should include:</p> <ol style="list-style-type: none"> <li>a) The terms of reference of the oversight function;</li> <li>b) Criteria to select members of the oversight function;</li> <li>c) The summary details of membership of any committee or arrangement charged with the oversight function, along with any declarations of conflicts of interest and processes for election, nomination or removal and replacement of committee members.</li> </ol> <p><b>The responsibilities of the oversight function include:</b></p> <ol style="list-style-type: none"> <li>a) Oversight of the Benchmark design: <ol style="list-style-type: none"> <li>i. Periodic review of the definition of the Benchmark and its Methodology;</li> <li>ii. Taking measures to remain informed about issues and risks to the Benchmark, as well as commissioning external reviews of the Benchmark (as appropriate);</li> </ol> </li> </ol> | <p>The ICE Swap Rate Oversight Committee is the main committee which provides oversight and governance for ISR. The committee is responsible under its Terms of Reference for monitoring the administration of the benchmark, including:</p> <ul style="list-style-type: none"> <li>• Regularly reviewing the methodology, definition and suitability of inputs for the benchmark;</li> <li>• Assessing the underlying market and usage of the benchmark;</li> <li>• Overseeing adherence to the calculation methodology and IBA policies; and</li> <li>• Approving the addition or withdrawal of currencies and tenors for the benchmark.</li> </ul> <p>The composition of the ICE Swap Rate Oversight Committee is designed to ensure that a balance of interests is represented; that committee members collectively exhibit an appropriate breadth of knowledge, experience and expertise; and that the committee is able to represent a suitable diversity of views.</p> <p>The committee is comprised of an independent Chairperson, market representatives and industry bodies, Independent Non-Executive Directors of IBA, and IBA representatives.</p> <p>Redacted minutes of the ICE Swap Rate Oversight Committee's meetings are published on IBA's website.</p> <p>IBA is a wholly owned subsidiary within the ICE group which is listed on the NYSE. To IBA's knowledge and belief, no shareholder of ICE is able to exercise any influence over determining ISR.</p> <p>With regards to sections a), b) and c) of IOSCO's Principle 5, the terms of reference of the ICE Swap Rate Oversight Committee, the selection criteria for members and the composition of the Committee are publicly available on IBA's website.</p> <p>With regards to recommendations in part a) of the Principle, the Terms of Reference of the Committee confirm that they are responsible for:</p> <ol style="list-style-type: none"> <li>i. approving results of the annual review of the ISR definition and Methodology;</li> </ol> |

| IOSCO Principle 5   | IBA's Response   |
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| <p>iii. Overseeing any changes to the Benchmark Methodology, including assessing whether the Methodology continues to appropriately measure the underlying Interest, reviewing proposed and implemented changes to the Methodology, and authorising or requesting the Administrator to undertake a consultation with Stakeholders where known or its Subscribers on such changes as per Principle 12; and</p> <p>iv. Reviewing and approving procedures for termination of the Benchmark, including guidelines that set out how the Administrator should consult with Stakeholders about such cessation.</p> <p>b) Oversight of the integrity of Benchmark determination and control framework:</p> <p>i. Overseeing the management and operation of the Benchmark, including activities related to Benchmark determination undertaken by a third party;</p> <p>ii. Considering the results of internal and external audits, and following up on the implementation of remedial actions highlighted in the results of these audits; and</p> <p>iii. Overseeing any exercise of Expert Judgement by the Administrator and ensuring Published Methodologies have been followed.</p> <p><b>Where conflicts of interests may arise in the Administrator due to its ownership structures or controlling interests, or due to other activities conducted by any entity owning or controlling the Administrator or by the Administrator or any of its affiliates:</b> the Administrator should establish an independent oversight function which includes a balanced representation of a range of Stakeholders where known, Subscribers and Submitters, which is chosen to counterbalance the relevant conflict of interest.</p> <p>Where a Benchmark is based on Submissions: the oversight function should provide suitable oversight and challenge of the Submissions by:</p> <p>a) Overseeing and challenging the scrutiny and monitoring of inputs or</p> | <p>ii. considering reviews of the Administrator's performance in respect of ICE Swap Rate, including compliance with Published Methodologies, applicable laws and regulations, and any recommendations made by these reviews insofar as they affect the integrity of the benchmark. IBA ensures that the committee is kept apprised of risks and issues relating to ISR;</p> <p>iii. approving proposed changes to the ISR methodology as well as involvement in the conduct of public consultations; and</p> <p>iv. approving proposed cessation or termination of the ISR should such an occasion arise and outlining the guidelines for such an eventuality.</p> <p>With respect to recommendations (b) (i) and (ii) of the Principle, the ICE Swap Rate Oversight Committee is responsible for conducting regular reviews of all aspects of the determination of ISR, including the following: the methodology; definition; suitability of inputs; scope; and setting of the benchmark. The committee is also responsible for overseeing any audit results and consequent changes required.</p> <p>Regarding recommendation (b) (iii) of the Principle is not applicable as no Expert Judgement is exercised in the calculation of ISR. This is stated clearly on IBA's website.</p> <p>IBA is a wholly owned subsidiary within the ICE group which is listed on the NYSE. Information about this can be found at:<br/> <a href="https://www.nyse.com/quote/XNYS:ICE">https://www.nyse.com/quote/XNYS:ICE</a></p> <p>Regarding recommendation (b) (iii) of the Principle is not applicable as no Expert Judgement is exercised in the calculation of ISR. This is stated clearly on IBA's website.</p> <p>IBA is a wholly owned subsidiary within the ICE group which is listed on the NYSE. Information about this can be found at: <a href="https://www.nyse.com/quote/XNYS:ICE">https://www.nyse.com/quote/XNYS:ICE</a></p> |



| IOSCO Principle 5  | IBA's Response |
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| <p>Submissions by the Administrator. This could include regular discussions of inputs or Submission patterns, defining parameters against which inputs or Submissions can be analysed, or querying the role of the Administrator in challenging or sampling unusual inputs or Submissions;</p> <p>b) Overseeing the Code of Conduct for Submitters;</p> <p>c) Establishing effective arrangements to address breaches of the Code of Conduct for Submitters; and</p> <p>d) Establishing measures to detect potential anomalous or suspicious Submissions and in case of suspicious activities, to report them, as well as any misconduct by Submitters of which it becomes aware to the relevant Regulatory Authorities, if any.</p> |                |

## Principle 6 – Benchmark Design

| IOSCO Principle 6   | IBA's Response  |
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| <p>The design of the Benchmark should seek to achieve, and result in an accurate and reliable representation of the economic realities of the Interest it seeks to measure, and eliminate factors that might result in a distortion of the price, rate, index or value of the Benchmark.</p> <p>Benchmark design should take into account the following generic non-exclusive features, and other factors should be considered, as appropriate to the particular Interest:</p> <ul style="list-style-type: none"> <li>a) Adequacy of the sample used to represent the Interest;</li> <li>b) Size and liquidity of the relevant market (for example whether there is sufficient trading to provide observable, transparent pricing);</li> <li>c) Relative size of the underlying market in relation to the volume of trading in the market that references the Benchmark;</li> <li>d) The distribution of trading among Market Participants (market concentration); and</li> <li>e) Market dynamics (e.g., to ensure that the Benchmark reflects changes to the assets underpinning a Benchmark).</li> </ul> | <p>ISR is calculated by working out the mid-price which would fill a trade of Standard Market Size (SMS) using the best prices available on regulated electronic trading venues at the relevant times and in the relevant currencies and tenors. The benchmark has been designed to make it robust against attempted manipulation and momentary aberrations in the market.</p> <p>Key features of the calculation are (as described more fully in response to Principle 11):</p> <ul style="list-style-type: none"> <li>• Volume Weighted Average Mid Prices (VWAMP) from Synthetic Order Books at Snapshots in Time;</li> <li>• Multiple snapshots of data, taken in a short window before the calculation;</li> <li>• Liquidity Checks to exclude any snapshots that cannot fill the SMS (on both the bid and offer side) so that only VWAMPs from reasonably sized trades are included in the calculation;</li> <li>• Randomisation of the use of the multiple data snapshots;</li> <li>• Outlier Checks to protect against momentary and unrepresentative spikes in price by excluding outlier snapshots from the calculation;</li> <li>• Ranking of snapshots so that those higher than the 75th percentile and lower than the 25th percentile are discarded leaving only the most representative snapshots; and</li> <li>• Quality Weighting by combining the remaining VWAMPs into a final ICE Swap Rate benchmark using a quality weighting.</li> </ul> <p>The design of ICE Swap Rate therefore takes into account generic design factors to give a reliable representation of the economic realities of the Interest that the benchmark seeks to measure and to eliminate factors that might result in a distortion of the price, rate, index or value of that Benchmark.</p> |

| IOSCO Principle 6 | IBA's Response  |
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|                   | <p>With regards to each element of the Principle:</p> <ul style="list-style-type: none"> <li>a) ISR takes all available data in the market for use in the benchmark, being all four available electronic trading venues receiving executable quotes globally. A two minute window is used from which the 10 best prices are sourced for each of 24 snapshots. The timing of the window was agreed with market participants and reviewed at the Oversight Committee.</li> <li>b) ISR is based on tradable quotes from electronic, regulated trading venues. The data that IBA collects allows it to assess the volume on all of the platforms.<br/>This is monitored at each Oversight Committee meeting through Dashboards.</li> <li>c) ISR represents the mid-price for interest rate swaps (the fixed leg), at particular times of the day, in three major currencies (EUR, GBP and USD) and in tenors ranging from 1 year to 30 years.</li> <li>d) IBA publishes quarterly statistics on the underlying market, the latest of which can be found at<br/><a href="https://www.theice.com/publicdocs/ICE_Swap_Rate_Quarterly_Volume_Report_Q2_2016.pdf">https://www.theice.com/publicdocs/ICE_Swap_Rate_Quarterly_Volume_Report_Q2_2016.pdf</a>.</li> <li>e) The calculation of ISR takes all available data in. The ICE Swap Rate Oversight Committee regularly reviews whether other trading venues may have eligible data for inclusion within the benchmark.</li> <li>f) At each meeting, the ICE Swap Rate Oversight Committee receives a Dashboard of key metrics to review and ensure that the Benchmark remains an accurate and reliable representation of economic realities. The ICE Swap Rate Oversight Committee also has a calendar of periodic reviews of aspects of the benchmark including its methodology.</li> </ul> |

## Principle 7 – Data Sufficiency

| IOSCO Principle 7   | IBA's Response   |
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| <p>The data used to construct a Benchmark determination should be sufficient to accurately and reliably represent the Interest measured by the Benchmark and should:</p> <ul style="list-style-type: none"> <li>a) Be based on prices, rates, indices or values that have been formed by the competitive forces of supply and demand in order to provide confidence that the price discovery system is reliable; and</li> <li>b) Be anchored by observable transactions entered into at arm's length between buyers and sellers in the market for the Interest the Benchmark measures in order for it to function as a credible indicator of prices, rates, indices or values.</li> </ul> <p>This Principle requires that a Benchmark be based upon (i.e., anchored in) an active market having observable Bona Fide, Arms-Length Transactions. This does not mean that every individual Benchmark determination must be constructed solely of transaction data. Provided that an active market exists, conditions in the market on any given day might require the Administrator to rely on different forms of data tied to observable market data as an adjunct or supplement to transactions. Depending upon the Administrator's Methodology, this could result in an individual Benchmark determination being based predominantly, or exclusively, on bids and offers or extrapolations from prior transactions. This is further clarified in Principle 8.</p> <p>Provided that subparagraphs (a) and (b) above are met, Principle 7 does not preclude Benchmark Administrators from using executable bids or offers as a means to construct Benchmarks where anchored in an observable market consisting of Bona Fide, Arms-Length transactions.</p> <p>This Principle also recognizes that various indices may be designed to measure or reflect the performance of a rule-based investment strategy, the volatility or behaviour of an index or market or other aspects of an active</p> | <p>ISR is calculated by using the best prices available on regulated electronic trading venues at the relevant times and in the relevant currencies and tenors. In the event that there is not sufficient liquidity in one or more tenors to publish ISR, IBA makes a No Publication.</p> <p>IBA is launching a consultation to seek views on whether interpolation would be a useful addition to the methodology to address occasions when liquidity is missing in some tenors but not all of them.</p> <p>The data snapshots are based on tradable quotes on Multilateral Trading Facilities (MTFs) regulated by the FCA in London and Swap Execution Facilities (SEFs) regulated by the CFTC. Since the snapshots are based on tradable quotes, they are therefore formed by the competitive forces of supply and demand. The bids and offers are an integral part of the market-making process and are fully executable at the time they are posted on the respective trading venue.</p> <p>The tradable quotes come directly from regulated, active markets that have observable Bona Fide, Arms-Length transactions.</p> |

| <b>IOSCO Principle 7</b>   | <b>IBA's Response</b> |
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| <p>market. Principle 7 does not preclude the use of non-transactional data for such indices that are not designed to represent transactions and where the nature of the index is such that non-transactional data is used to reflect what the index is designed to measure. For example, certain volatility indices, which are designed to measure the expected volatility of an index of securities transactions, rely on non-transactional data, but the data is derived from and thus "anchored" in an actual functioning securities or options market.</p> |                       |

## Principle 8 – Hierarchy of Data Inputs

| IOSCO Principle 8  | IBA's Response  |
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| <p>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:</p> <ul style="list-style-type: none"> <li>a) Where a Benchmark is dependent upon Submissions, the Submitters' own concluded arms-length transactions in the underlying interest or related markets;</li> <li>b) Reported or observed concluded Arm's-length Transactions in the underlying interest;</li> <li>c) Reported or observed concluded Arm's-length Transactions in related markets;</li> <li>d) Firm (executable) bids and offers; and</li> <li>e) Other market information or Expert Judgments.</li> </ul> <p>Provided that the Data Sufficiency Principle is met (i.e., an active market exists), this Principle is not intended to restrict an Administrator's flexibility to use inputs consistent with the Administrator's approach to ensuring the quality, integrity, continuity and reliability of its Benchmark determinations, as set out in the Administrator's Methodology. The Administrator should retain flexibility to use the inputs it believes are appropriate under its Methodology to ensure the quality and integrity of its Benchmark. For example, certain Administrators may decide to rely upon Expert Judgment in an active albeit low liquidity market, when transactions may not be consistently available each day. IOSCO also recognizes that there might be circumstances (e.g., a low liquidity market) when a confirmed bid or offer might carry more meaning than an outlier transaction. Under these circumstances, non-transactional data such as bids and offers and extrapolations from prior transactions might predominate in a given Benchmark determination.</p> | <p>ISR is calculated by using the best prices available on regulated electronic trading venues at the relevant times and in the relevant currencies and tenors. In the event that there is not sufficient liquidity in one or more tenors to publish ISR, IBA makes a No Publication.</p> <p>The calculation of ISR does not utilize a hierarchy of data inputs or "Expert Judgment" as outlined by Principle 8. Within the ISR methodology there are a number of liquidity and outlier checks to underpin the integrity of the benchmark. These tests are described in the full methodology and are outlined in response to Principle 11 (Content of the Methodology) below.</p> <p>ISR is based solely from data in category (d).</p> <p>The ISR methodology is publically available in IBA's website:<br/> <a href="https://www.theice.com/publicdocs/ICE_Swap_Rate_Full_Calculation_Methodology.pdf">https://www.theice.com/publicdocs/ICE_Swap_Rate_Full_Calculation_Methodology.pdf</a></p> |

## Principle 9 – Transparency of Benchmark Determinations

| IOSCO Principle 9  | IBA's Response   |
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| <p>The Administrator should describe and publish with each Benchmark determination, to the extent reasonable without delaying an Administrator publication deadline:</p> <p>a) A concise explanation, sufficient to facilitate a Stakeholder's or Market Authority's ability to understand how the determination was developed, including, at a minimum, the size and liquidity of the market being assessed (meaning the number and volume of transactions submitted), the range and average volume and range and average of price, and indicative percentages of each type of market data that have been considered in a Benchmark determination; terms referring to the pricing Methodology should be included (i.e., <i>transaction-based</i>, <i>spread-based</i> or <i>interpolated/extrapolated</i>);</p> <p>b) A concise explanation of the extent to which and the basis upon which Expert Judgment if any, was used in establishing a Benchmark determination.</p> | <p>ISR is based exclusively on executable quotes available on the regulated electronic trading venues at the relevant times and in the relevant currencies and tenors.</p> <p>As per IOSCO's guidance within the Principles, "a benchmark that is based exclusively on executable quotes as contemplated by Principle 7 would not need to explain in each determination why it has been constructed with executable bids or offers, provided there is disclosure in the Methodology."</p> <p>IBA publishes the ISR methodology and therefore Principle 9 does not require IBA to explain in each determination why the benchmark has been constructed with executable bids or offers.</p> <p>The ISR methodology is publically available in IBA's website: <a href="https://www.theice.com/publicdocs/ICE_Swap_Rate_Full_Calculation_Methodology.pdf">https://www.theice.com/publicdocs/ICE_Swap_Rate_Full_Calculation_Methodology.pdf</a></p> |

## Principle 10 – Periodic Review

| IOSCO Principle 10  | IBA's Response   |
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| <p>The Administrator should periodically review the conditions in the underlying Interest that the Benchmark measures to determine whether the Interest has undergone structural changes that might require changes to the design of the Methodology. The Administrator also should periodically review whether the Interest has diminished or is non-functioning such that it can no longer function as the basis for a credible Benchmark.</p> <p>The Administrator should Publish or Make Available a summary of such reviews where material revisions have been made to a Benchmark, including the rationale for the revisions.</p> | <p>ISR is based exclusively on executable quotes available on regulated electronic trading venues. The liquidity on different venues may change over time through structural changes in the market, new entrants, changes in business profiles or corporate activity.</p> <p>The ICE Swap Rate Oversight Committee reviews all aspects of the determination of ISR: the methodology; the definition of the benchmark; the suitability of inputs; the scope of the benchmark; and the setting of the benchmark. The committee has an annual calendar of reviews to be conducted at each meeting.</p> <p>At each meeting the committee reviews the underlying interest of the benchmark via a Dashboard of metrics and considers if there are any structural changes in the market.</p> <p>IBA's published Consultation Policy, approved by the IBA Board, defines the process by which changes are made to the benchmark.</p> <p>In accordance with the Consultation Policy, any material revisions will be subject to consultation and will include a summary of the review and the rationale for the changes.</p> |



## Principle 11 – Content of the Methodology

| IOSCO Principle 11   | IBA's Response  |
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| <p>The Administrator should document and Publish or Make Available the Methodology used to make Benchmark determinations. The Administrator should provide the rationale for adopting a particular Methodology. The Published Methodology should provide sufficient detail to allow Stakeholders to understand how the Benchmark is derived and to assess its representativeness, its relevance to particular Stakeholders, and its appropriateness as a reference for financial instruments.</p> <p><b>At a minimum, the Methodology should contain:</b></p> <ul style="list-style-type: none"> <li>a) Definitions of key terms;</li> <li>b) All criteria and procedures used to develop the Benchmark, including input selection, the mix of inputs used to derive the Benchmark, the guidelines that control the exercise of Expert Judgment by the Administrator, priority given to certain data types, minimum data needed to determine a Benchmark, and any models or extrapolation methods;</li> <li>c) Procedures and practices designed to promote consistency in the exercise of Expert Judgment between Benchmark determinations;</li> <li>d) The procedures which govern Benchmark determination in periods of market stress or disruption, or periods where data sources may be absent (e.g., theoretical estimation models);</li> <li>e) The procedures for dealing with error reports, including when a revision of a Benchmark would be applicable;</li> <li>f) Information regarding the frequency for internal reviews and approvals of the Methodology. Where applicable, the Published Methodologies should also include information regarding the procedures and frequency for external review of the Methodology;</li> <li>g) The circumstances and procedures under which the Administrator will</li> </ul> | <p>The calculation of ISR is based solely on data provided by MTFs and SEFs. No Expert Judgment is used by IBA in the calculation.</p> <p>The following are the key features of the calculation of ISR:</p> <ul style="list-style-type: none"> <li>• <i>The methodology is based on Volume Weighted Average Mid Prices (“VWAMP”) from synthetic order books at snapshots in time:</i> the calculation of ISR is based on finding the VWAMP from theoretically filling a trade in Standard Market size (“SMS”) on both the bid and offer side at a particular instant in time (a snapshot). At each snapshot, IBA combines prices and volumes from trading venues to create a synthetic order book that represents the best prices (and accompanying volumes) available in the market at that time. IBA then calculates the volume weighted prices to theoretically fill a trade in SMS from this synthetic order book on both the bid and offer side and these prices are used to calculate the VWAMP;</li> <li>• <i>Use of multiple snapshots:</i> IBA uses multiple, randomised snapshots taken in a two minute window before the calculation. This makes the benchmark robust against attempted manipulation and momentary aberrations in the market;</li> <li>• <i>Liquidity Checks:</i> illiquid snapshots are not included in the calculation. Any snapshots that cannot fill the SMS on both the bid and offer side are discarded so that only VWAMPs from reasonably sized trades are included in the calculation;</li> <li>• <i>Outlier Checks:</i> to protect against momentary and unrepresentative spikes in price, outlier snapshots are not included in the calculation. The snapshots that pass the liquidity checks are ranked in order of their VWAMPs and the snapshots higher than the 75th percentile and lower than the 25th percentile are discarded leaving only the most representative snapshots;</li> <li>• <i>Quality Weighting:</i> IBA combines the remaining VWAMPs into a final price (ICE Swap Rate) using a quality weighting. Snapshots with tighter spreads between</li> </ul> |

| IOSCO Principle 11   | IBA's Response  |
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| <p>consult with Stakeholders, as appropriate; and</p> <p>h) The identification of potential limitations of a Benchmark, including its operation in illiquid or fragmented markets and the possible concentration of inputs.</p> <p><b>Where a Benchmark is based on Submissions, the additional Principle also applies:</b></p> <p>The Administrator should clearly establish criteria for including and excluding Submitters. The criteria should consider any issues arising from the location of the Submitter, if in a different jurisdiction to the Administrator. These criteria should be available to any relevant Regulatory Authorities, if any, and Published or Made Available to Stakeholders. Any provisions related to changes in composition, including notice periods should be made clear.</p> | <p>the volume weighted bid and volume weighted offer are given a higher weighting because they have more volume executable closer to the mid-point, and therefore are indicative of a better quality market.</p> <p>In the event that there is not sufficient liquidity in one or more tenors to publish ISR, IBA makes a No Publication.</p> <p>The full calculation methodology is published by IBA at:<br/> <a href="https://www.theice.com/publicdocs/ICE_Swap_Rate_Full_Calculation_Methodology.pdf">https://www.theice.com/publicdocs/ICE_Swap_Rate_Full_Calculation_Methodology.pdf</a>.</p> <p>IBA's republication policy is published by IBA at:<br/> <a href="https://www.theice.com/publicdocs/ICE_Swap_Rate_Republication_Policy.pdf">https://www.theice.com/publicdocs/ICE_Swap_Rate_Republication_Policy.pdf</a></p> <p>With reference to the Principle's specific recommendations on the content of the Methodology:</p> <ul style="list-style-type: none"> <li>a) The key abbreviations are explained and the methodology is described in detail;</li> <li>b) All criteria and procedures used to develop ISR are included within the published Methodology, including the input selection and the minimum data needed to determine ISR. Since the benchmark uses tradable quotes from regulated venues exclusively, there is no mix of inputs, no exercise of Expert Judgment by IBA, no priority given to certain data types and no models or extrapolation methods;</li> <li>c) IBA does not exercise of Expert Judgment in making ISR benchmark determinations;</li> </ul> <p>Within the ISR methodology a number of liquidity and outlier checks underpin the integrity of the benchmark and safeguard it in periods of market stress or disruption. If there is insufficient liquidity for IBA to be able to publish any ISR tenors, a No Publication is made. No theoretical estimation models are used at present within the ISR methodology although IBA is launching a consultation to seek views on whether interpolation would be a useful addition to the methodology to address occasions when liquidity is missing in some tenors.</p> |

| IOSCO Principle 11 | IBA's Response  |
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|                    | <p>d) On procedures for dealing with error reports, including when a revision of a Benchmark would be applicable, IBA's Republication Policy (available at <a href="https://www.theice.com/publicdocs/ICE_Swap_Rate_Republication_Policy.pdf">https://www.theice.com/publicdocs/ICE_Swap_Rate_Republication_Policy.pdf</a>) states that a number of key considerations indicate that post-publication revisions could lead to significant disruption of the market. Accordingly, IBA would not republish the ISR benchmark. For transparency, IBA publishes when an error has occurred together with the impact, if any, on the published rate; this information is updated at the end of each quarter;</p> <p>e) The Methodology states that it is reviewed by the ICE Swap Rate Oversight Committee as documented in its Terms of Reference and in accordance with its Calendar of Agenda Items. The Terms of Reference are publically available here:<br/> <a href="https://www.theice.com/publicdocs/futures/ISDAFIX_Oversight_Committee_Terms_Reference.pdf">https://www.theice.com/publicdocs/futures/ISDAFIX_Oversight_Committee_Terms_Reference.pdf</a></p> <p>f) The circumstances and procedures under which the Administrator will consult with Stakeholders are set out in IBA's Consultation Policy which is available at <a href="https://www.theice.com/publicdocs/IBA_consultation_process.pdf">https://www.theice.com/publicdocs/IBA_consultation_process.pdf</a></p> <p>g) The identification of potential limitations of ISR is addressed in the design of the Methodology and the associated procedures and policies.</p> <p>As previously stated, ISR is calculated using data from regulated trading venues providing tradable quotes to IBA. The venues are shown on IBA's website (<a href="https://www.theice.com/iba/ice-swap-rate">https://www.theice.com/iba/ice-swap-rate</a>) where any other trading venues are invited to seek inclusion and any website user may suggest a venue for consideration by IBA.</p> |

## Principle 12 – Changes to the Methodology

| IOSCO Principle 12   | IBA's Response  |
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| <p>An Administrator should Publish or Make Available the rationale of any proposed material change in its Methodology, and procedures for making such changes. These procedures should clearly define what constitutes a material change, and the method and timing for consulting or notifying Subscribers (and other Stakeholders where appropriate, taking into account the breadth and depth of the Benchmark's use) of changes.</p> <p>Those procedures should be consistent with the overriding objective that an Administrator must ensure the continued integrity of its Benchmark determinations. When changes are proposed, the Administrator should specify exactly what these changes entail and when they are intended to apply.</p> <p>The Administrator should specify how changes to the Methodology will be scrutinised, by the oversight function.</p> <p>The Administrator should develop Stakeholder consultation procedures in relation to changes to the Methodology that are deemed material by the oversight function, and that are appropriate and proportionate to the breadth and depth of the Benchmark's use and the nature of the Stakeholders. Procedures should:</p> <ol style="list-style-type: none"> <li>a) Provide advance notice and a clear timeframe that gives Stakeholders sufficient opportunity to analyse and comment on the impact of such proposed material changes, having regard to the Administrator's assessment of the overall circumstances; and</li> <li>b) Provide for Stakeholders' summary comments, and the Administrator's summary response to those comments, to be made accessible to all Stakeholders after any given consultation period, except where the commenter has requested confidentiality.</li> </ol> | <p>In advance of making any material change, which is defined as any change which would require updating the published Methodology for ISR, IBA would engage in wide consultation in advance of proposing change, not only on the change itself but also on the timing of any change and whether any transitional arrangements would be appropriate.</p> <p>Factors to be taken into account would include:</p> <ul style="list-style-type: none"> <li>• feedback from the ICE Swap Rate Oversight Committee;</li> <li>• feedback from any consultation;</li> <li>• the impact for existing and potential ISR users;</li> <li>• any regulatory implications;</li> <li>• any delivery or other risks which may arise as a consequence of the change;</li> <li>• the implementation timing of the change and its proximity to expected happenings (such as the introduction of new regulatory initiatives affecting the market); and</li> <li>• any other factors of relevance to the particular change or desired outcome.</li> </ul> <p>Changes to the methodology are reviewed by the ICE Swap Rate Oversight Committee in accordance with its Terms of Reference and IBA's published Consultation Policy (which explains how materiality is defined) when reviewing the materiality of any changes.</p> <p>Changes to the methodology are signed off by IBA's President.</p> <p>As set out in IBA's published Consultation Policy (available at <a href="https://www.theice.com/publicdocs/IBA_consultation_process.pdf">https://www.theice.com/publicdocs/IBA_consultation_process.pdf</a>), IBA publishes consultation papers on its website and invites interested parties to comment on the</p> |

| <b>IOSCO Principle 12</b> | <b>IBA's Response</b>  |
|---------------------------|--|
|                           | proposals by a specified date. When the consultation period closes, IBA publishes a feedback statement summarising responses (excluding points made by a commenter who has requested confidentiality). |

## Principle 13 – Transition

| IOSCO Principle 13  | IBA's Response  |
|---|---|
| <p>Administrators should have clear written policies and procedures, to address the need for possible cessation of a Benchmark, due to market structure change, product definition change, or any other condition which makes the Benchmark no longer representative of its intended Interest. These policies and procedures should be proportionate to the estimated breadth and depth of contracts and financial instruments that reference a Benchmark and the economic and financial stability impact that might result from the cessation of the Benchmark. The Administrator should take into account the views of Stakeholders and any relevant Regulatory and National Authorities in determining what policies and procedures are appropriate for a particular Benchmark.</p> <p>These written policies and procedures should be Published or Made Available to all Stakeholders.</p> <p>Administrators should encourage Subscribers and other Stakeholders who have financial instruments that reference a Benchmark to take steps to make sure that:</p> <ul style="list-style-type: none"> <li>a) Contracts or other financial instruments that reference a Benchmark, have robust fall-back provisions in the event of material changes to, or cessation of, the referenced Benchmark; and</li> <li>b) 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.</li> </ul> <p>Administrators' written policies and procedures to address the possibility of Benchmark cessation could include the following factors, if determined to be reasonable and appropriate by the Administrator:</p> <ul style="list-style-type: none"> <li>a) Criteria to guide the selection of a credible, alternative Benchmark such as, but not limited to, criteria that seek to match to the extent practicable the</li> </ul> | <p>IBA has a Benchmark Cessation Procedure and a Transition Policy.</p> <p>The Benchmark Cessation Procedure sets out the steps that IBA would take in the event of discontinuation of a currency or tenor of a benchmark we administer.</p> <p>With reference to each of the first set of points of Principle 13:</p> <ul style="list-style-type: none"> <li>a) IBA's Benchmark Cessation Procedure states that stakeholders will be engaged with actively;</li> <li>b) The Benchmark Cessation Procedure lists possible triggers that might lead to a cessation, including external factors out of IBA's control.</li> </ul> <p>With reference to each of the second set of points of Principle 13:</p> <ul style="list-style-type: none"> <li>a) the Benchmark Cessation Procedure states that IBA is not aware of any other benchmarks with similar characteristics to ISR;</li> <li>b) the Benchmark Cessation Procedure states that IBA would take into account the amount of notice that can be given to stakeholders to find alternatives;</li> <li>c) IBA's Transition Policy sets out a number of factors related to IBA benchmarks that users may wish to consider when seeking to identify alternative benchmarks;</li> <li>d) the Benchmark Cessation Procedure notes that the factors to be considered in the context of the cessation of a benchmark, including how much notice should be given, whether any transitional measures should or could be implemented, and identification of possible alternative benchmarks and migration thereto;</li> <li>e) the Benchmark Cessation Procedure sets out the steps that IBA would take in the event of discontinuation of a currency or tenor of a benchmark we administer. The Procedure notes that the factors to be considered in the context of the cessation of a benchmark, including stakeholder engagement.</li> </ul> |

| IOSCO Principle 13  | IBA's Response  |
|---|---|
| <p>existing Benchmark's characteristics (e.g., credit quality, maturities and liquidity of the alternative market), differentials between Benchmarks, the extent to which an alternative Benchmark meets the asset/liability needs of Stakeholders, whether the revised Benchmark is investable, the availability of transparent transaction data, the impact on Stakeholders and impact of existing legislation;</p> <p>b) The practicality of maintaining parallel Benchmarks (e.g., where feasible, maintain the existing Benchmark for a defined period of time to permit existing contracts and financial instruments to mature and publish a new Benchmark) in order to accommodate an orderly transition to a new Benchmark;</p> <p>c) The procedures that the Administrator would follow in the event that a suitable alternative cannot be identified;</p> <p>d) In the case of a Benchmark or a tenor of a Benchmark that will be discontinued completely, the policy defining the period of time in which the Benchmark will continue to be produced in order to permit existing contracts to migrate to an alternative Benchmark if necessary; and</p> <p>e) The process by which the Administrator will engage Stakeholders and relevant Market and National Authorities, as appropriate, in the process for selecting and moving towards an alternative Benchmark, including the timeframe for any such action commensurate with the tenors of the financial instruments referencing the Benchmarks and the adequacy of notice that will be provided to Stakeholders.</p> | <p>In addition, IBA's reduced submissions policy is available on IBA's website. The ICE Swap Rate Oversight Committee reviews the Reduced Submissions Policy annually.</p> <p>Since the suitability of any alternative benchmark would depend on the particular needs and circumstances of the various users, no alternative benchmark could be recommended by IBA.</p> <p>IBA has assessed the practicality of maintaining a parallel benchmark to ISR if the Transition Policy were invoked but has concluded that this would not be feasible because the reasons for transitioning away from ISR itself would likely apply to a parallel benchmark.</p> <p>IBA would however seek if possible to maintain the existing benchmark for a defined period of time to permit existing contracts and financial instruments to mature. IBA's Transition Policy strongly encourages users to consider how they might be affected if any factors, including external factors beyond IBA's control, necessitated the cessation of a benchmark. Users are also strongly encouraged in that Policy to ensure that their contracts and any other financial instruments that reference a benchmark have robust fallback provisions in the event of material changes to, or cessation of, the benchmark.</p> <p>IBA would engage closely with the relevant stakeholders, including: the FCA and any other relevant regulatory body; users of the benchmark, directly (for example, by email to registered licensees and by conference calls where appropriate), through any relevant association(s) and/or through paid advertisements; redistributors of the benchmark; and the media. IBA would also include relevant information and relevant contact details on its website.</p> <p>Details of the cessation planning would be reviewed and agreed with the ICE Swap Rate Oversight Committee which would have an important role in monitoring the execution of the plan.</p> |

**Principle 14 – Submitter Code of Conduct**

| IOSCO Principle 14   | IBA's Response  |
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| <p>Where a Benchmark is based on Submissions, the following additional Principle also applies:</p> <p>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.</p> <p>The Administrator should only use inputs or Submissions from entities which adhere to the Submitter Code of Conduct and the Administrator should appropriately monitor and record adherence from Submitters. The Administrator should require Submitters to confirm adherence to the Submitter Code of Conduct annually and whenever a change to the Submitter Code of Conduct has occurred.</p> <p>The Administrator’s oversight function should be responsible for the continuing review and oversight of the Submitter Code of Conduct.</p> <p>The Submitter Code of Conduct should address:</p> <ul style="list-style-type: none"> <li>a) The selection of inputs;</li> <li>b) Who may submit data and information to the Administrator;</li> <li>c) 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 authorization of such person(s) to report market data on behalf of a Submitter;</li> <li>d) Criteria applied to employees of a Submitter who are permitted to submit data or information to an Administrator on behalf of a Submitter;</li> <li>e) Policies to discourage the interim withdrawal of Submitters from surveys or Panels;</li> <li>f) Policies to encourage Submitters to submit all relevant data; and</li> <li>g) The Submitters’ internal systems and controls, which should include:</li> </ul> | <p>This Principle does not apply because ISR is not based on Submissions.</p> |



| IOSCO Principle 14  | IBA's Response |
|---|----------------|
| <ul style="list-style-type: none"> <li>i. Procedures for submitting inputs, including Methodologies to determine the type of eligible inputs, in line with the Administrator's Methodologies;</li> <li>ii. Procedures to detect and evaluate suspicious inputs or transactions, including inter-group transactions, and to ensure the <i>Bona Fide</i> nature of such inputs, where appropriate;</li> <li>iii. Policies guiding and detailing the use of Expert Judgment, including documentation requirements;</li> <li>iv. Record keeping policies;</li> <li>v. Pre-Submission validation of inputs, and procedures for multiple reviews by senior staff to check inputs;</li> <li>vi. Training, including training with respect to any relevant regulation (covering Benchmark regulation or any market abuse regime);</li> <li>vii. Suspicious Submission reporting;</li> <li>viii. Roles and responsibilities of key personnel and accountability lines;</li> <li>ix. Internal sign off procedures by management for submitting inputs;</li> <li>x. Whistle blowing policies (in line with P 4); and</li> <li>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</li> </ul> |                |

| <b>IOSCO Principle 14</b>   | <b>IBA's Response</b> |
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| (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. |                       |

**Principle 15 – Internal Controls over Data Collection**

| IOSCO Principle 15  | IBA’s Response  |
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| <p>When an Administrator collects data from any external source the Administrator should ensure that there are appropriate internal controls over its data collection and transmission processes. These controls should address the process for selecting the source, collecting the data and protecting the integrity and confidentiality of the data. Where Administrators receive data from employees of the Front Office Function, the Administrator should seek corroborating data from other sources.</p> | <p>ISR uses tradable quotes sourced by IBA from regulated electronic trading venues.</p> <p>A full description of the calculation methodology can be found at: <a href="https://www.theice.com/publicdocs/ICE_Swap_Rate_Full_Calculation_Methodology.pdf">https://www.theice.com/publicdocs/ICE_Swap_Rate_Full_Calculation_Methodology.pdf</a>.</p> <p>Data integrity is maintained through validation checks performed on the input data before being accepted into the benchmark calculation. These include:</p> <ul style="list-style-type: none"> <li>• Timestamps of the quotes being within the data collection window</li> <li>• The prices are in the correct ascending or descending order</li> <li>• No two prices are the same (for a given venue, instrument and update)</li> </ul> <p>The input data accepted into the benchmark calculation is then processed through the ISR calculation steps detailed under Principle 11 above:</p> <ul style="list-style-type: none"> <li>• Randomised multiple snapshots;</li> <li>• Volume Weighted Average Mid Prices (“VWAMP”) from the synthetic order books;</li> <li>• Liquidity Checks;</li> <li>• Outlier Checks; and</li> <li>• Quality Weighting.</li> </ul> <p>IBA also performs surveillance over the trading activity input to the benchmark calculation. All alerts are investigated and resolved.</p> |

## Principle 16 – Complaints Procedures

| IOSCO Principle 16   | IBA’s Response   |
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| <p>The Administrator should establish and Publish or Make Available a written complaints procedures policy, by which Stakeholders may submit complaints including concerning whether a specific Benchmark determination is representative of the underlying Interest it seeks to measure, applications of the Methodology in relation to a specific Benchmark determination(s) and other Administrator decisions in relation to a Benchmark determination.</p> <p>The complaints procedures policy should:</p> <ul style="list-style-type: none"> <li>a) Permit complaints to be submitted through a user-friendly complaints process such as an electronic Submission process;</li> <li>b) Contain procedures for receiving and investigating a complaint made about the Administrator’s Benchmark determination process on a timely and fair basis by personnel who are independent of any personnel who may be or may have been involved in the subject of the complaint, advising the complainant and other relevant parties of the outcome of its investigation within a reasonable period and retaining all records concerning complaints;</li> <li>c) Contain a process for escalating complaints, as appropriate, to the Administrator’s governance body; and</li> <li>d) Require all documents relating to a complaint, including those submitted by the complainant as well as the Administrator’s own record, to be retained for a minimum of five years, subject to applicable national legal or regulatory requirements.</li> </ul> <p>Disputes about a Benchmarking determination, which are not formal complaints, should be resolved by the Administrator by reference to its standard appropriate procedures. If a complaint results in a change in a Benchmark determination, that should be Published or Made Available to Subscribers and Published or Made Available to Stakeholders as soon as</p> | <p>IBA has a written Complaints Policy that sets out the procedure according to which a complaint will be dealt with by senior staff not involved in the matter. It explicitly covers complaints regarding the underlying interest, methodology and IBA decisions.</p> <p>IBA’s Complaints Policy is approved by the IBA Board and available on IBA’s website: <a href="https://www.theice.com/publicdocs/IBA_Complaints_Policy.pdf">https://www.theice.com/publicdocs/IBA_Complaints_Policy.pdf</a></p> <p>With reference to each point of Principle 16:</p> <ul style="list-style-type: none"> <li>a) complaints may be made in writing (including e-mail) or orally to IBA;</li> <li>b) IBA’s Complaints Policy sets out the procedure for review of any complaint by senior staff not involved in the matter. The Policy states that IBA will acknowledge a complaint within 2 business days of receipt and, if a final response cannot be sent within 8 weeks of receiving the complaint, IBA will write to the complainant to explain why and to state when completion of the review is expected;</li> <li>c) IBA’s Complaints procedure explicitly allows complainants to address the IBA Board of Directors;</li> <li>d) information related to complaints is stored in a restricted access folder and kept for five years.</li> </ul> <p>The IBA Board reviews any complaints through the management report at each board meeting.</p> <p>The IBA Board receives an annual summary of any complaints.</p> <p>The Principle recommends that, if a complaint results in a change in a benchmark determination, that it should be Published or Made Available to Subscribers and Published or Made Available to Stakeholders as soon as possible as set out in the Methodology. This is dealt with in IBA’s Republication Policy which states that a number of key considerations indicate that post-publication revisions could lead to</p> |

| IOSCO Principle 16                      | IBA's Response  |
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| possible as set out in the Methodology. | <p>significant disruption of the market. Accordingly, IBA would not republish the ISR benchmark.</p> <p>For transparency, IBA publishes when an error has occurred together with the impact, if any, on the published rate; this information is updated at the end of each quarter. IBA's Republication Policy for ISR is available at:</p> <p><a href="https://www.theice.com/publicdocs/ICE_Swap_Rate_Republication_Policy.pdf">https://www.theice.com/publicdocs/ICE_Swap_Rate_Republication_Policy.pdf</a>.</p> |

**Principle 17 – Audits**

| IOSCO Principle 17  | IBA’s Response  |
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| <p>The Administrator should appoint an independent internal or external auditor with appropriate experience and capability to periodically review and report on the Administrator’s adherence to its stated criteria and with the Principles. The frequency of audits should be proportionate to the size and complexity of the Administrator’s operations.</p> <p>Where appropriate to the level of existing or potential conflicts of interest identified by the Administrator (except for Benchmarks that are otherwise regulated or supervised by a National Authority other than a relevant Regulatory Authority), an Administrator should appoint an independent external auditor with appropriate experience and capability to periodically review and report on the Administrator’s adherence to its stated Methodology. The frequency of audits should be proportionate to the size and complexity of the Administrator’s Benchmark operations and the breadth and depth of Benchmark use by Stakeholders.</p> | <p>IBA's Audit and Risk Committee (“ARC”) agrees a schedule of internal and external audits, reviews output from audits and assesses the implementation of any recommendations.</p> <p>In 2016, the following audits of ISR were conducted:</p> <ul style="list-style-type: none"> <li>• The ICE Group’s Internal Audit function conducted an audit of IBA to ensure that the IOSCO Principles for Financial Benchmarks are being complied with by IBA, and</li> <li>• Following a review of IBA’s Relevant Activities designed to ensure adherence to its published methodologies for ISR, an independent auditor provided independent assurance over IBA management’s description of the governance, quality and accountability activities over the benchmarks to address the expectation of the IOSCO Principles.</li> </ul> |

## Principle 18 – Audit Trail

| IOSCO Principle 18  | IBA's Response  |
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| <p>Written records should be retained by the Administrator for five years, subject to applicable national legal or regulatory requirements on:</p> <ul style="list-style-type: none"> <li>a) All market data, Submissions and any other data and information sources relied upon for Benchmark determination;</li> <li>b) The exercise of Expert Judgment made by the Administrator in reaching a Benchmark determination;</li> <li>c) Other changes in or deviations from standard procedures and Methodologies, including those made during periods of market stress or disruption;</li> <li>d) The identity of each person involved in producing a Benchmark determination; and</li> <li>e) Any queries and responses relating to data inputs.</li> </ul> <p>If these records are held by a Regulated Market or Exchange the Administrator may rely on these records for compliance with this Principle, subject to appropriate written record sharing agreements.</p> <p><b>When a Benchmark is based on Submissions, the following additional Principle also applies:</b></p> <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>f) The procedures and Methodologies governing the Submission of inputs;</li> <li>g) The identity of any other person who submitted or otherwise generated any of the data or information provided to the Administrator;</li> <li>h) Names and roles of individuals responsible for Submission and Submission oversight;</li> </ul> | <p>As a Benchmark Administrator regulated by the FCA, IBA is required to keep records for at least five years of:</p> <ul style="list-style-type: none"> <li>(1) all benchmark submissions used to determine the specified benchmark it administers; and</li> <li>(2) the person and, where possible, the individual who made the relevant benchmark submission.</li> </ul> <p>As IBA only began administering ISR under the current methodology on 31 March 2015, the records have been maintained since this date.</p> <p>With reference to each point of Principle 18:</p> <ul style="list-style-type: none"> <li>a) raw input data, snapshot data, calculation data, published results will all be retained for at least five years;</li> <li>b) no Expert Judgement is exercised by IBA in ISR benchmark determinations;</li> <li>c) changes or deviations are not expected since the ISR methodology states what occurs, even in times of market stress or disruption. IBA carries out a number of checks to ensure the integrity of the benchmark, including liquidity and outlier checks;</li> <li>d) the identity of each person involved in producing a Benchmark determination is retained for five years;</li> <li>e) IBA will retain a log of queries for five years.</li> </ul> |

| IOSCO Principle 18  | IBA's Response |
|---|----------------|
| <ul style="list-style-type: none"> <li>i) Relevant communications between submitting parties;</li> <li>j) Any interaction with the Administrator;</li> <li>k) Any queries received regarding data or information provided to the Administrator;</li> <li>l) Declaration of any conflicts of interests and aggregate exposures to Benchmark related instruments;</li> <li>m) Exposures of individual traders/desks to Benchmark related instruments in order to facilitate audits and investigations; and</li> <li>n) Findings of external/internal audits, when available, related to Benchmark Submission remedial actions and progress in implementing them.</li> </ul> |                |



**Principle 19 – Cooperation with Regulatory Authorities**

| <b>IOSCO Principle 19</b>  | <b>IBA's Response</b>  |
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| <p>Relevant documents, Audit Trails and other documents subject to these Principles shall be made readily available by the relevant parties to the relevant Regulatory Authorities in carrying out their regulatory or supervisory duties and handed over promptly upon request.</p> | <p>ISR is a regulated benchmark and therefore IBA cooperates closely with the FCA.</p> <p>The FCA's MAR 8.3.11 rule states that "The benchmark administrator must be able to provide to the FCA, on a daily basis, all benchmark submissions it used to determine the specified /benchmark it administers."</p> <p>IBA responds promptly to queries from the regulator.</p> <p>IBA has also already cooperated with IOSCO itself: providing information about ISR; responding to enquiries and surveys; and meeting to discuss matters relating to the IOSCO Principles for Financial Benchmarks.</p> <p>Where requested, relevant information, documents and audit trails are made readily available to relevant regulatory authorities in carrying out their regulatory or supervisory duties.</p> |

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