



Report on the review of compliance with IOSCO's principles for financial benchmarks. March 2015.

IOSCO has reviewed the implementation of its principles for financial benchmarks (July 2013) in benchmarks other than interbank rates (Euribor, Libor and Tibor). The review is based on administrators' self-assessments of benchmarks through a questionnaire sent by IOSCO. The responses have revealed a high rate of participation by the industry and have confirmed that, in general, IOSCO's principles have been used as a reference to improve policies and procedures concerning governance and benchmark design. When considering the different types of assets, equity benchmarks reported the highest level of compliance.

On 25 February, IOSCO published a report with the findings of the review on compliance of the Principles for financial benchmarks for benchmarks other than interbank rates. The 19 IOSCO principles set out the overarching framework concerning governance, accountability, quality and transparency for benchmark design and benchmark calculation. (An article with a summarised description of IOSCO's principles on the benchmark determination process is available at the IOSCO section, with previous issues of this International Bulletin).

The review of these principles was conducted taking a sample of 36 benchmarks provided by 23 administrators, from across a broad variety of regions and assets classes. The implementation of the principles was analysed using information collected from the administrators through a questionnaire prepared by IOSCO and also through examination of any statements of compliance they had published in accordance with the requirements of IOSCO's principles.

In many cases, the administrators of the reviewed benchmarks stated that they had used the principles in order to perform a gap analysis on their policies and procedures; the majority of administrators stated that they had taken steps to implement some or all of the principles. Most of the changes implemented on benchmarks concerned governance arrangements and benchmark design. In relation to the principles on benchmark design and data sufficiency for benchmarks, some administrators stated that they had changed their data input system, moving from a system based on submissions to one based on data from market transactions.

The principles should be applied in a proportionate manner, i.e., they are not applied in the same way to all types of benchmarks, but can be complied with differently taking into account the specificities of individual benchmarks. Proportionality was most relevant in relation to some specific principles, such as principle 14 which concerns submitter codes of conduct. Half of the administrators of the benchmarks reviewed stated that they had applied the principles in a proportionate way, especially in relation to submitter codes of conduct.

Around 20% of the administrators of the benchmarks in the sample were reported to be in the process of transitioning to a new administrator after the publication of IOSCO's principles. In these cases administrators were often not in a position to report on the level of compliance with the principles, and most of them stated that the review of the implementation of the principles would be carried out by the new administrator, once the transition was complete.

Across the underlying asset classes, administrators of equity benchmarks reported the highest level of

compliance, with most having published a statement of compliance. In several cases, external auditors had been commissioned to consider whether these statements were fairly stated. Administrators of fixed income and commodity benchmarks exhibited the highest reported levels of transition to new administrators; under half of the administrators of these benchmarks stated that they were aligned with IOSCO's Principles.

Relevant documents:

[IOSCO's report on the review of compliance with IOSCO's principles for financial benchmarks](#)

[IOSCO's principles for financial benchmarks](#)

[IOSCO's report on the review of compliance with IOSCO's principles for financial benchmarks by administrators of Euribor, Libor and Tibor](#)