

LEBA

LIMITED

WMBA

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IOSCO Proportionality Statement

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For the purpose of this document, WMBA Limited and LEBA Limited shall be referred to as the 'Administrator', or 'Administrators' where the context requires unless the content is specific to one administrator where that administrator will be individually named.

Proportionality Principles

WMBA Limited and LEBA Limited are the administrators of transaction-based indices, some of which fall within the scope of benchmarks under the EU Benchmark Regulation ("BMR").

For those indices that are not used as benchmarks as defined by the BMR, and where it is possible and proportionate to do so, WMBA Limited and LEBA Limited shall apply the IOSCO Principles for Financial Benchmarks ("the ISOCO Principles") to ensure the determination of those indices is done to accepted market standards.

The Administrators consider the indices and benchmarks identified within the *'Index & Benchmark Portfolio'* do not pose any major risks to the integrity of the financial markets for the following reasons:

1. The Administrators are owned by WMBA & LEBA (Holdings) Limited, a private company limited by guarantee by the member firms of the European Venues and Intermediaries Association ("EVIA") and the London Energy Brokers' Association ("LEBA"). Both EVIA and LEBA are set up and governed by Councils of their members. Each Administrator is governed by its Board of directors. The Administrators are financed solely by the revenue received from the sale and distribution of the indices. They do not undertake any other commercial activities.
2. The indices are based on transaction-based input data sourced from member firms, although data sources are not limited to such. Member firms are already subject to various regulations, including but not limited to, the EU Markets in Financial Instruments Directive/Regulation (MiFID2/MiFIR), the Central Securities Depositories Regulation (CSDR), and the Market Abuse Directive/Regulation (MAD/MAR). They also abide by all applicable codes of conduct including all pertaining IOSCO Principles, the BOE Money Market Code of Conduct¹ and the Bank of England Money Laundering Code (JMLSG).
3. Input data includes all trades concluded by identified contributing firms within a given timeframe and is sourced directly from within middle and back office systems.
4. The Administrators do not use any discretion in the compilation of the indices which are based on a pre-determined methodology using the volume weighted average price ("VWAP") of transaction-based input data.

As a result of this assessment, the Administrators have adopted the following proportional approach to their *'IOSCO Compliance Statement'*:

¹ <http://www.bankofengland.co.uk/markets/Documents/money/code/ukmoneymarketscode.pdf>

Governance (Principles 1-5)

Given the size of the organisations, the Administrators do not consider independent oversight committees for each of the indices to be appropriate. Oversight of the index administration has been delegated to the relevant boards. This oversight involves the supervision of the Administrators to provide challenge on the day to day processes and implementation of the administration framework taking into consideration any recommendations by the EVIA or LEBA data committees (operational) and the statutory WMBA Limited and LEBA Limited companies (oversight, integrity and governance). The terms of reference for the boards and committees are contained within the governance policies and procedures of the Administrators.

Design & Data Sufficiency (Principle 6 and 7)

The Administrators produce indices intended to measure a specific segment of the overall market where they have access to the transaction data, i.e. indices calculated using a predetermined methodology calculating the volume weighted average price of transaction data sourced from identified contributing firms. Where market participants arrange transactions through other firms or through direct bilateral transactions, these transactions would not be captured, nor intended to be captured within the specification and determination of those indices.

Where there is insufficient transaction data to determine a volume weighted average price for a particular index, the Administrators may adopt a contingency methodology for determining the index. Where applicable, these will be clearly identified within the relevant methodologies.

Transparency of Determinations (Principle 9)

The Administrators do not use any discretion in the compilation of the indices which are based on the volume weighted average of all 'qualifying trades' conducted in the relevant and specified time as defined within the relevant methodologies.

The Administrators consider that the publication of the volumes and average prices provides sufficient information to facilitate a stakeholder's or the relevant competent authority's ability to understand how the determination was developed.

Changes to Methodology (Principle 12)

To expedite any change in methodology and considering the nature of the change, the Administrators where they deem necessary, will informally consult with any subsection of data providers, subscribers and key market participants in respect of the proposed changes.

Following the consultation, the changes will be notified to all subscribers (users and technical staff) who will, depending on the severity of the changes, be given reasonable notice to allow implementation of the changes.

Code of Conduct & Data Quality Code (Principle 14)

All contributing firms are already subject to various regulations, including but not limited to, the EU Markets in Financial Instruments Directive/Regulation (MiFID2/MiFIR), the Central Securities Depositories Regulation (CSDR), and the Market Abuse Directive/Regulation (MAD/MAR). They also abide by all applicable codes of conduct including all pertaining IOSCO Principles, the BOE Money Market Code of Conduct and the Bank of England Money Laundering Code (JMLSG)

The Administrators will not conduct a review of each contributing firm's systems to assess compliance with the relevant code but will take reliance upon their regulatory status to denote their compliance with the IOSCO Principles for Financial Benchmarks.

Audits (Principle 17)

Due to the size and nature of their organisations, the Administrators do not have a dedicated internal audit function as a proportionality approach would not allow for this. Where deemed necessary, the Administrators will appoint an independent external body to review the Administrators systems, controls, governance arrangements and all other aspects of the benchmark determination process to provide assurance against the relevant regulations and regulatory standards.