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Scope:	STOXX Benchmarks
Approved by:	Management Board (“ <b>MB</b> ”)
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Responsible department:	Product Development (“ <b>Product</b> ”)
Relevant documents:	Terms of Reference – Index Management Committee (“ <b>IMC</b> ”) Terms of Reference – Index Governance Committee (“ <b>IGC</b> ”) Terms of Reference – Oversight Committee (“ <b>OC</b> ”) Terms of Reference – MB
Valid from:	Date of STOXX Recognition within the meaning of art. 32 Regulation (EU) 2016/1011
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## 1 Background

The regulations of benchmarks in the various jurisdictions and for the various types of regulated entities vary in detail, but the general approach is equivalent in principle. In addition, the various rules and regulations use different language and terminology while content wise being very similar. As such, this Policy uses a harmonized language, which is to be read in conjunction with the specific (national) legal terminology. The most relevant parts of the legislative framework applicable can be summarized as follows:

### - Global:

Administrators of benchmarks need to comply with requirements of Principle 13 (Transition) of the IOSCO Principles for Financial Benchmarks FR07/13.

### - European Union:

Administrators of benchmarks used in the EU need to comply with the requirements of the Regulation (EU) No. 2016/1011 “**EU Benchmark Regulation**” or “**EU BMR**”.

### - United Kingdom<sup>1</sup>:

Administrators of benchmarks used in the UK need to comply with the requirements of Section 3(1) European Union (Withdrawal) Act 2018 (UK) in conjunction with EU BMR (“**UK BMR**”).

## 2 Objective and Purpose<sup>2</sup>

This Policy addresses the requirements with respect to the transition and cessation of a benchmark administered by STOXX Ltd., Zug, Switzerland (“**STOXX**”). For benchmark methodology changes please refer to Changes to Methodology Policy.

## 3 Scope

This Policy applies to all benchmarks STOXX administers within the meaning of Art. 3 (1), (5) and (6) EU BMR and any similar or equivalent regime (“**STOXX Benchmarks**”).

## 4 General Principles

### 4.1 Decommissioning a Benchmark

<sup>1</sup> According to current status UK BMR will only become effective in the event of a no-deal Brexit.

<sup>2</sup> Cases or situations not covered by this policy will be covered by processes in the respective STOXX or DAX Index Guides.

Due to changing economic or regulatory realities, market demand or internal product offering strategies, STOXX must periodically evaluate the need for the following:

- a. Benchmark transition: Launching of a new benchmark that is supposed to replace an old benchmark;
- b. Benchmark cessation: Permanent discontinuation of the dissemination and publication of a benchmark without offering a replacement. The guidelines for the cessation of a benchmark are defined by the IGC in accordance with the terms of reference.
- c. The detailed process of how a benchmark is decommissioned and the corresponding internal controls are outlined in the process flowchart and controls matrix "benchmark transition/cessation."

In general, any STOXX department can identify the need and submit a proposal for the decommissioning of a benchmark to Product. If Product agrees with the need for a cessation according to the above criteria, the IMC must be involved to formally request the cessation of a benchmark.

Before decommissioning a benchmark, STOXX must always determine whether there are any listed financial products or license agreements issued on that benchmark as the underlying.

STOXX will only terminate benchmarks provided that:

- all existing (to STOXX knowledge) commercial customers have been consulted and usage rights have been terminated or transitioned accordingly.
- consultations with stakeholders<sup>3</sup> have not led to the decision to continue the benchmark.

STOXX must give sufficient notice in order to ensure that all non-commercial stakeholders have sufficient time to adjust accordingly.

## 4.2 Escalation

For STOXX Benchmarks, the IMC is responsible for reviewing and preparing the documentation for the cessation or transition of a benchmark and escalate to the IGC for the decision.

The rationale for the cessation or transition of a benchmark must be documented in the minutes of the relevant committee. The IGC has the right to request a consultation on the proposed changes suggested.

## 4.3 Public Communication

Product and Operations shall work together to ensure that subscribers or other stakeholders are informed about a cessation or transition of a benchmark at least 3 months in advance, where possible. Shorter notice can be given if previous client consultations occurred or clients are not impacted. A statement on the website (press release) and email to subscribers or other stakeholder must be issued giving detailed information about the nature and rationale of the cessation and transition as well as the date on which the benchmark is decommissioned. The press release and email must also inform subscribers or other stakeholders that there will be no replacement of the benchmark and whether STOXX suggests the use of alternative benchmarks.

Where a stakeholder contacts STOXX stating a benchmark is still needed after the announcement of the decommissioning of a benchmark, Product and Sales will liaise with the relevant stakeholder. Product will inform the IGC accordingly. IGC will decide whether the decision for the decommissioning should be revised based on the new information.

## 4.4 Recommendation for Alternative Benchmarks

When discontinuing a benchmark without launching a new one, STOXX may consider whether to recommend using an alternative credible benchmark to the stakeholders but is not obligated to offer an alternative benchmark. Product is responsible for evaluating and proposing such recommendations whereas it must consider such criteria as matching characteristics of the discontinued benchmark, differentials between benchmarks, the extent to which an alternative benchmark meets the needs of stakeholders, whether the alternative benchmark is investable, availability of transparent transaction data, impact on stakeholders and impact of existing legislation.

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<sup>3</sup> A Stakeholder means (a) persons or entities that purchase benchmark determination services from STOXX/DBAG regarding a benchmark administered by STOXX and/or (b) persons or entities who have an index license with STOXX/DBAG regarding a benchmark administered by STOXX (Subscriber) and/or as far as STOXX is reasonable aware (c) persons or entities and/or third parties who own contracts or financial instruments that reference a benchmark administered by STOXX.

#### **4.5 Control Framework**

The detailed process of “Benchmark Transition” is described in STOXX’s Controls Framework (“Benchmark Transition/Cessation”).

### **5 Transition**

#### **5.1 Public Consultation**

For the transition of a benchmark or benchmark family for which listed financial products are issued in the market, STOXX may, where applicable, (a) undertake a market consultation with the involved subscribers; (b) consult with relevant stakeholders; and/or (c) consult the competent External Advisory Board.

Product is responsible for publishing the consultation and collecting the feedback. The consultation itself, its scope and duration must be proposed by Product to IMC and IMC should send such proposal to the IGC for approval.

A summary of the stakeholders’ comments and STOXX’s summary response to those comments must be made available upon request to all stakeholders after any given consultation period, except where the commenter has requested confidentiality.

#### **5.2 Launch of a New Benchmark**

For the launch of a new benchmark due to transition, the same principles apply as for the development of a new benchmark (“Benchmark Design”) as detailed in the Benchmark Design Policy.

### **6 Cessation**

#### **6.1 Benchmark without Listed Financial Products**

For the cessation of a benchmark or benchmark family for which, to the knowledge of STOXX, no listed financial products are issued in the market, no consultation is required.

#### **6.2 Benchmark with Listed Financial Products**

For the cessation of a benchmark or benchmark family for which listed financial products are issued in the market, STOXX may, where applicable, (a) undertake a market consultation with the involved subscribers; (b) consult with relevant stakeholders; and/or (c) consult the competent External Advisory Board.

Product is responsible for publishing the consultation and collecting the feedback. An appropriate duration of the consultation phase must be ensured by Product and approved by the IGC in accordance with the relevant Terms of Reference.

A summary of the stakeholders’ comments and STOXX summary response to those comments must be made available upon request to all stakeholders after any given consultation period, except where the commenter has requested confidentiality.

#### **6.3 Mandatory administration of a critical benchmark**

If STOXX becomes administrator of a critical benchmark and intends to cease providing such benchmark, STOXX shall: (a) immediately notify the relevant authorities ; and (b) within four weeks of such notification submit an assessment of how the benchmark: (i) is to be transitioned to a new administrator; or (ii) is to be ceased to be provided, taking into account the procedure established in this policy (Article 21 and Article 28(1) of the EU BMR and UK BMR). During the assessment period STOXX shall not cease provision of the benchmark.

### **7 Review Process**

This Policy will be reviewed in accordance with the Policy Management Policy and updated as necessary. The responsibility for the updates is assumed by the Head of Product.