

Chapter

Article 2 Key elements of the methodology used to determine a critical or significant benchmark

(1) The information to be provided by an administrator of a benchmark or, where applicable, family of benchmarks in compliance with the requirement laid down in Article 13(1) (a) of Regulation (EU) 2016/1011 shall include at least the following elements, insofar as they are relevant to that benchmark or family of benchmarks or to the input data used to determine it:

(a) a definition and description of the benchmark or family of benchmarks and of the market or economic reality that it is intended to measure;

(b) the currency or other unit of measurement of the benchmark or family of benchmarks;

(c) the criteria used by the administrator for selecting the sources of input data used to determine the benchmark or family of benchmarks;

(d) the types of input data used to determine the benchmark or family of benchmarks and the priority given to each type;

(e) the composition of any panel of contributors and the criteria used to determine eligibility for panel membership;

(f) a description of the constituents of the benchmark or family of benchmarks and the criteria used for selecting and weighting them;

(g) any minimum liquidity requirements for the constituents of the benchmark or family of benchmarks;

(h) any minimum requirements for the quantity of input data, and any minimum standards for the quality of input data, used to determine the benchmark or family of benchmarks;

(i) the clear rules identifying how and when discretion may be exercised in the determination of the benchmark or family of benchmarks;

(j) whether the benchmark or family of benchmarks takes into account any reinvestment of dividends or coupons paid by its constituents;

(k) if the methodology may be changed periodically to ensure the benchmark or family of benchmarks remains representative of the relevant market or economic reality:

(i) any criteria to be used to determine when such a change is necessary;

(ii) any criteria to be used to determine the frequency of such a change; and

(iii) any criteria to be used to rebalance the constituents of the benchmark or family of benchmarks as part of making such a change;

(l) the potential limitations of the methodology and details of any methodology to be used in exceptional circumstances, including in the case of an illiquid market or in periods of stress or where transaction data sources may be insufficient, inaccurate or unreliable;

(m) a description of the roles of any third parties involved in data collection for, or in calculation or dissemination of, the benchmark or family of benchmarks;

(n) the model or method used for the extrapolation and any interpolation of benchmark data.

(2) Administrators may opt to publish or make available the information referred to in points (m) and (n) of paragraph 1 for their critical benchmarks only.