

Nasdaq BMR Administrator Internal Procedures

Benchmark Cessation



Version 1.5
March 20, 2023

Change Log

Date	Ver.	Section	Change
March 20, 2023	1.5	1.5 2,3	Added section 1.5 “ Approval and Review” Reference to BMR Operations only
September 14, 2022	1.4	2, 3.1, 4 and Appendix 1 3.3	Appendix 1 deleted Public notification procedure updated to align with the terms of any applicable license agreement
June 22, 2022	1.3	2, 3 and 4	Annual Review. References to BMR Operations Manager replaced with references to “BMR Operations” Appendix 1 updated
September 15, 2021	1.2	Cessation Determination	New cessation procedure for Custom Baskets Benchmark
March 30,2021	1.1	Document generally	Annual Review, Editorial Changes
January 1, 2020	1.0	Initial Version	

1. Overview

1.1 Purpose of Procedure

This Procedure establishes the processes governing cessation of the calculation and dissemination of benchmarks or benchmark families.

1.2 Applicability and Scope

This Procedure applies to Nasdaq EU benchmark, including benchmark families which are in scope of the BMR. The procedure does not apply for Nasdaq US (third country) benchmarks which will be endorsed to Nasdaq BMR Administrator. The procedure will be updated as part of the endorsement process.

1.3 Definitions

Use of “Index” or “Benchmark” are in accordance with the definitions as set in BMR art 3.1.

“BMR” means the Benchmark Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts.

NQC means Nasdaq Copenhagen A/S.

“NQC Benchmark” means benchmark under the provision of the Nasdaq BMR Administrator, NQC.

“Methodology” means the written rules and procedures according to which information is collected and the Benchmark is determined.

“Cessation Request” means the document which lists the recommendation for why a NQC benchmark is requested ceased. The Cessation Request also includes proposed timing of the cessation.

1.4 Procedure Owner

This Procedure shall be maintained by the Head of Benchmark Business for Nasdaq BMR Benchmark.

1.5 Approval and Review

This Procedure shall be approved by the BMR Oversight Committee and reviewed at least annually and else when needed.

2. Benchmark Cessation Determination

The decision to cease the calculation and dissemination of a NQC Benchmark (hereafter the benchmark) shall be made by the Nasdaq BMR Oversight Committee. However, the BMR Operations can pre-approve the cessation of a benchmark belonging to an existing and already approved benchmark family, thereby initiating the process of benchmark cessation. In cases of pre-approval of a Cessation Request by BMR Operations, a later approval of the request by the BMR Oversight Committee must follow no later than at the following ordinary BMR Oversight Committee meeting. This procedure applies until further notice only for benchmark belonging to a Custom Basket Benchmark Family. A cessation of a benchmark or a benchmark family can be requested by the benchmark owner or the BMR Administrator.

Before the decision is taken to cease a benchmark, careful consideration must be given to the reasons to cease a benchmark, including the estimated impact of financial instruments and financial contracts that reference the benchmark, and the impact the cessation may have on stakeholders. The requester shall therefore draft a **cessation request** arguing why a cessation is recommendable or needed.

Reasons for proposing the cessation of a benchmark can be a number of different factors including, but not limited to, see the Governance Framework (19.2):

- (a) there being no investment in an NQC Benchmark;
- (b) the underlying market or input data is no longer available, or the quality or quantity of the market/input data is insufficient for use in a NQC Benchmark – in particular, where a change to Methodology is not feasible;
- (c) the input data is no longer sufficient to represent accurately and reliably the market or economic reality that the benchmark is intended to measure, or is not otherwise appropriate and the issue cannot be rectified through a change to the input data, Methodology and/or if the input data is based on submission from contributors, through a change to the contributor of such input data;
- (d) the benchmark no longer meets its objective and a change to the Methodology is not feasible;
- (e) the maintenance of the benchmark is no longer possible and/or practicable from an operational perspective;
- (f) commercial factors make the cost of maintaining the benchmark economically unsustainable when the use of the benchmark is considered over a period of time;
- (g) regulatory changes;
- (h) significant and permanent disruption to the market in question; and
- (i) The benchmark no longer meets the criteria for being a benchmark in scope of BMR

3. Process of Ceasing Benchmark

If the BMR Oversight Committee determines to cease calculation and dissemination of a benchmark or a benchmark family, or if the BMR Operations pre-approves the cessation of a benchmark belonging to a benchmark family, the Nasdaq BMR Administrator will follow the below procedures.

3.1 Review of Cessation Request

BMR Operations, receives a Cessation Request and starts reviewing the impact of benchmark cessation across a variety of constituents. The Cessation Request shall among other things include documentation of all impacted license agreements, any financial contracts referencing the benchmark and determine ongoing obligations.

3.2 Decision

BMR Operations will present the Cessation Request and recommendation to cease a benchmark to the BMR Oversight Committee at the next ordinary meeting. If the termination date is requested to be before the next ordinary meeting and in case of extraordinary circumstances, like cessation of a benchmark family, the BMR Oversight Committee can be called for an extraordinary meeting or the Committee voting members can be asked to submit their votes via email.

The BMR Oversight Committee will determine whether to:

- (a) cease the benchmark and approve the Cessation Request;
- (b) continue calculation of the benchmark and disregard the Cessation Request;
- (b) provide each licensee the information necessary for the licensee to continue to calculate the benchmark;
- (c) identify a replacement benchmark (either temporary or permanently)

If the decision concerns the cessation of a benchmark belonging to an existing benchmark family, the BMR Operations can pre-approve the cessation. In such a case, the BMR Oversight Committee will make a final approval at the next ordinary BMR Oversight Committee meeting.

3.3 Public and Contractual Notice

Unless stated otherwise in the license agreement that governs the use of a benchmark, **prior to a cessation** of a benchmark, Nasdaq BMR Administrator will publicly announce the cessation plan with appropriate timelines. The public and benchmark users will be notified via Nasdaq Corporate News System (CNS), which is a subscription service.

The Administrator shall also be aware of any applicable notice requirements as agreed in the relevant Index license agreements.

After the cessation the BMR Administrator's Inventory List will be updated, when the cessation is completed.

3.4 Continued Calculation

The BMR Administrator will continue to operate, calculate and disseminate the benchmark in accordance with its methodology up until the cessation date is publicly announced by the Administrator or for the life of any financial products in the market as of the cessation date that continue to track the Index.

4. Cessation Step by Step

1. Cessation Requester fills in a Cessation Request and sends it to the BMR Administrator.
2. BMR Operations reviews the request and the rationale for proposing the cessation.
3. BMR Operations presents to the BMR Oversight Committee the proposal to cease providing a benchmark, a benchmark family or a pre-approve benchmark belonging to an existing benchmark family. The proposal will include, besides a recommendation, a review of the cessation's impact on license agreements and financial contracts referencing the benchmark.
4. The BMR Oversight Committee can approve or reject the proposal to cease the benchmark.
5. If the proposal is approved, BMR Operations announces the cessation plan with appropriate timelines via Nasdaq Corporate News System (CNS). Users with Index license agreements directly with the Benchmark Administrator will be notified by BMR Operations.
6. The BMR Administrator continues to calculate and disseminate the benchmark until the cessation date.
7. The benchmark Inventory List is updated after the cessation is completed.