

**MEMO# 27139**

March 28, 2013

## **FSA Policy Statement on the Regulation and Supervision of Benchmarks**

[27139]

March 28, 2013

TO: ICI GLOBAL REGULATED FUNDS COMMITTEE No. 7-13 RE: FSA POLICY STATEMENT ON THE REGULATION AND SUPERVISION OF BENCHMARKS

The UK Financial Services Authority (FSA) has published Policy Statement 13/6 outlining the changes it will bring about in respect of the regulation and supervision of benchmarks. [\[1\]](#) The policy changes stem from the proposals contained within the FSA's earlier Consultation Paper 12/36 [\[2\]](#) brought about following the Wheatley Review into LIBOR [\[3\]](#). The policy changes come into force on 2 April.

The policy statement introduces requirements for benchmark administrators and for benchmark submitters which are summarised below.

Benchmark administrators must:

- implement credible governance and oversight measures, including an oversight committee and the establishment of practice standards;
- monitor and survey benchmark submissions, to identify breaches of practice standards and/or potentially manipulative behaviour;
- maintain sufficient financial resources to ensure it can cover operating costs of six months, plus a buffer period of three months; and
- appoint an individual, who is FCA-approved, to oversee the firm's compliance with the FCA's requirements for benchmark administration.

Benchmark submitters must:

- maintain effective internal governance and oversight procedures for providing information to benchmarks they submit to;
- put in place organisational arrangements for managing conflicts of interest within their firm;
- have an effective methodology, based on objective criteria, for determining their submissions to benchmarks;
- keep all relevant records for five years and appoint an external auditor on an annual basis to report to the FCA on the submitter's compliance with the submission

requirements;

- notify the FCA of any suspicions in relation to manipulation, attempts to manipulate, or potential collusion to manipulate the benchmark; and
- appoint an individual, who is FCA-approved, to oversee the firm's compliance with the FCA's requirements for benchmark submission.

Giles Swan

Director of Global Funds Policy - ICI Global

**endnotes**

[1] <http://www.fsa.gov.uk/static/pubs/policy/ps13-06.pdf>

[2] <http://www.fsa.gov.uk/static/pubs/cp/cp12-36.pdf>

[3] [http://cdn.hm-treasury.gov.uk/wheatley\\_review\\_libor\\_finalreport\\_280912.pdf](http://cdn.hm-treasury.gov.uk/wheatley_review_libor_finalreport_280912.pdf)

---

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.