

Bloomberg Short-Term Bank Yield (BSBY) Index

Management Statement of Adherence with the IOSCO Principles for Financial Benchmarks

As of April 14, 2021

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Section 1: Overview of the BSBY Benchmark

The Bloomberg Short-Term Bank Yield Index (“**BSBY**”) is a benchmark calculated, administered and published by Bloomberg Index Services Limited (“**BISL**” or “**We**”). BISL is a wholly-owned subsidiary of Bloomberg L.P. (collectively with BISL and its other affiliates, “**Bloomberg**”).

BISL’s administration of BSBY is aligned with the Principles for Financial Benchmarks published by the Board of the International Organization of Securities Commissions dated as of July 2013 and available online at URL <http://www.fsa.go.jp/inter/ios/20130718-1/03.pdf> (the “**IOSCO Principles**” or “**Principles**”). BISL seeks to provide confidence in our BSBY benchmark is maintained through the establishment of a robust control framework described below.

In our continued support of and adherence to the IOSCO Principles, BISL has engaged Ernst & Young LLP (“**EY**”) in 2021 to perform a reasonable assurance examination of BISL’s assertion of BSBY’s adherence with the IOSCO Principles.

BISL’s overall governance and control framework is comprised of a variety of components that, together, protect the integrity and quality of its BSBY benchmark. These components include:

- a) An organizational and operating structure that separates sales, operations and product management functions into distinct reporting lines;
- b) A control framework to demonstrate a sound process for developing, calculating and distributing its BSBY benchmark;
- c) An oversight function (“**Benchmark Oversight Committee**” or “**BOC**”) to review and provide accountability on all aspects of the BSBY benchmark determination process;
- d) Engagement with stakeholders to demonstrate that the BSBY benchmark remains an accurate and relevant market measure; and
- e) A compliance function that monitors and enforces, among other things, BISL personnel’s adherence with applicable conflicts of interest policies and ethical codes of conduct.

Section 2: Management's Statement of Adherence

BISL's management is responsible for the identification of the governance and control framework for our business including the design and operation of policies and procedures that it believes effectively address the IOSCO Principles. We have prepared the accompanying description in Section 4 to describe the details of the IOSCO Principles together with the relevant controls which were in place as of April 14, 2021. We assert that BISL's governance and control framework with respect to its administration of BSBY, as designed and implemented, adhere with the IOSCO Principles and the accompanying description in Section 4, including the suitability of the design and operating effectiveness of the controls described therein, is fairly stated, in that it presents the activities undertaken by BISL to achieve adherence with the IOSCO Principles.

For more information on this governance and control framework and BISL's adherence with the IOSCO Principles, the following includes a statement from BISL's management team for each of the IOSCO Principles and an Independent Accountant's Report from EY.



Ernst & Young LLP
5 Times Square
New York, NY 10036-6530

Tel: +1 212 773 3000
Fax: +1 212 773 6350
ey.com

Section 3: Independent Accountant's Report

Management of Bloomberg Index Services Limited

Scope

We have examined the assertion by Bloomberg Index Services Limited ("**BISL**") in the accompanying report by management titled *Management Statement of Adherence* that the Company's controls described within *BISL's Description* ("**Description**") and the suitability of the design and operating effectiveness of those controls as of April 14, 2021 are in accordance with the IOSCO Principles for Financial Benchmarks ("**criteria of the IOSCO Principles**") (together "**Assertion**").

BISL's Responsibilities

BISL's management is responsible for (1) preparing the Description and Assertion; (2) the completeness, accuracy, and method of presentation of the Description and Assertion; (3) providing the services covered by the Description; (4) specifying the controls in the Description that meet the criteria of the IOSCO Principles; and (5) designing, implementing, monitoring and documenting the controls to be in accordance with the criteria of the IOSCO Principles.

Accountant's Responsibilities

Our responsibility is to express an opinion on the fairness of the presentation of management's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). Our examination was also performed in accordance with International Standard on Assurance Engagements 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board. Those standards require that we plan and perform our examination to obtain reasonable assurance about whether, in all material respects, management's assertion is fairly presented, in all material respects. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error. We believe that the evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Inherent Limitations

Because of their nature and inherent limitations, controls may not prevent, or detect and correct, all misstatements that may be considered relevant. Furthermore, the projection to future periods of any evaluation of the fairness of the presentation of the Description, or conclusions about the suitability of the design of the controls described therein to be in accordance with the criteria of the IOSCO Principles is subject to the risk that controls may become inadequate because of changes in conditions or that the degree in compliance with such controls may deteriorate.

Opinion

In our opinion, management's assertion that it believes that as of April 14, 2021, BISL maintained controls with respect to its administration of BSBY that are suitably designed to provide reasonable assurance that the Criteria are met, is fairly stated in all material respects.



Ernst & Young LLP
5 Times Square
New York, NY 10036-6530

Tel: +1 212 773 3000
Fax: +1 212 773 6350
ey.com

Restricted Use

This report is intended solely for the information and use of BISL, user entities and prospective user entities of BISL's BSBY benchmark, entities providing services to such user entities, regulators, and others who have sufficient knowledge and understanding of the following:

- The nature of the service provided by the administrator
- Internal control and its limitations
- The criteria of the IOSCO Principles
- The risks that may threaten the achievement of the criteria of the IOSCO Principles and how controls address those risks

This report is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

April 15, 2021

Section 4: Criteria and Statements – BSBY

IOSCO Principle	Bloomberg Index Services Limited’s Description
<p>INTRO: A Benchmark should have appropriate governance arrangements in place to protect the integrity of the Benchmark and to address conflicts of interests.</p>	<p>Management has established appropriate governance and control framework to protect the integrity of the BSBY benchmark and address potential conflicts of interest, which include, without limitation, the following categories:</p> <ul style="list-style-type: none"> i. Governance, ii. Quality of the Benchmark, iii. Quality of the Methodology, and iii. Accountability. <p>Please refer to BISL statements regarding Principles 1 through 5 below for further detail.</p>
<p>1. Overall Responsibility of the Administrator: The Administrator should retain primary responsibility for all aspects of the Benchmark determination process. For example, this includes:</p> <ol style="list-style-type: none"> 1. Development: The definition of the Benchmark and Benchmark Methodology; 2. Determination and Dissemination: Accurate and timely compilation and publication and distribution of the Benchmark; 3. Operation: Ensuring appropriate transparency over significant decisions affecting the compilation of the Benchmark and any related determination process, including contingency measures in the event of absence of or insufficient inputs, market stress or disruption, failure of critical infrastructure, or other relevant factors; and 4. Governance: Establishing credible and transparent governance, oversight and accountability procedures for the Benchmark determination process, including an identifiable oversight function accountable for the development, issuance and operation of the Benchmark. 	<p>BISL retains primary responsibility over all aspects of the management of the BSBY benchmark including its development, design, calculation, maintenance, dissemination, operation and governance.</p> <p>Governance and Oversight</p> <p>BISL uses two primary committees to provide overall governance and effective oversight of its benchmark administration activities:</p> <ul style="list-style-type: none"> ➤ The Product, Risk & Operations Committee (“PROC”) provides direct governance and is responsible for the first line of controls over the creation, design, production and dissemination of BISL’s benchmarks, including BSBY. The PROC is composed of Bloomberg personnel with significant experience or relevant expertise in relation to financial benchmarks. Meetings are attended by Bloomberg Legal & Compliance personnel. Nominations and removals of PROC voting members are subject to review by the BOC, discussed below. ➤ The overarching oversight function is provided by Bloomberg’s Benchmark Oversight Committee (“BOC”). The BOC is independent of the PROC and is responsible for reviewing and challenging the activities carried out by the PROC. In carrying out its oversight duties, the BOC receives reports of management information both from the PROC as well as Bloomberg Legal & Compliance members engaged in second level controls. The BOC is composed of senior Bloomberg personnel with global outlook and experience and possess a sufficient knowledge of markets and market developments and/or experience and expertise in relation to the financial benchmarks. <p>On a quarterly basis, the PROC reports to the BOC on governance matters, including but not limited to client complaints, the launch of new benchmarks, operational incidents (including errors & restatements), major announcements and material changes concerning the benchmarks, the results of any reviews of the benchmarks (internal or external) and material stakeholder engagements.</p> <p>See also our response to Principle 10 below for further details regarding methodology reviews, including user consultations for material changes, and our response to Principle 11 regarding the content of the BSBY methodology.</p> <p>RiskCo</p> <p>In addition to the PROC and the BOC, the BISL board has established a Risk Committee (“RiskCo”). BISL’s RiskCo, led by BISL’s Risk Manager (“RM”), is responsible for advising BISL’s management, governance bodies and oversight functions, including the CEO, the board, the PROC and the BOC, on</p>

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	<p>the overall risk appetite and tolerance, strategy, risk exposure and risk treatment as well as maintaining BISL's risk register. Facilitated by the RM, the RiskCo will monitor and track the management of risks and provide advice and recommendations in an effort to help mitigate, reduce, eliminate or accept risks, and report to the BISL board and other governance bodies periodically regarding the same.</p> <p>Dedicated BSBY Governance</p> <p>As a supplement to the primary governance and oversight structure outlined above, BISL has established a working group focused on BSBY ("BSBY WG") composed of BISL product managers, quantitative research analysts and production personnel, with participation (as needed) from Engineering personnel, Risk and Compliance. The BSBY WG meets regularly to review trend analysis, recommend adjustments to quality controls and related thresholds, and make day-to-day governance determinations with regard to operation of the BSBY benchmark. The BSBY WG shall report on its activities to the PROC and BOC.</p>
<p>2. Overall Responsibility of Third Parties: Where activities relating to the Benchmark determination process are undertaken by third parties, the Administrator should maintain appropriate oversight of such third parties. The Administrator (and its oversight function) should consider adopting policies and procedures that:</p> <ol style="list-style-type: none"> Clearly define and substantiate through appropriate written arrangements the roles and obligations of third parties who participate in the Benchmark determination process, as well as the standards the Administrator expects these third parties to comply with; Monitor third parties' compliance with the standards set out by the Administrator; Make Available to Stakeholders and any relevant Regulatory Authority the identity and roles of third parties who participate in the Benchmark determination process; and Take reasonable steps, including contingency plans, to avoid undue operational risk related to the participation of third parties in the Benchmark determination process. <p>This Principle does not apply in relation to a third party from whom an Administrator sources data if that third party is a Regulated Market or Exchange.</p>	<p>BISL conducts primary activities related to the determination of the BSBY benchmark internally. As of April 14, 2021, BISL uses no calculation agents or any other third parties in the determination of BSBY other than Bloomberg affiliates for collection of sourced input data and shared group services such as IT.</p> <p>With respect to Bloomberg affiliates, BISL has in place arrangements defining the nature of the services provided (e.g., input data sourcing) and expected standards (e.g., file formats, availability, BCP coordination, etc.). Such arrangements are monitored and reviewed on a periodic basis.</p> <p>To the extent that any third party is involved in the BSBY benchmark determination process, however, and in accordance with Principle 2, it is the policy of BISL to maintain appropriate oversight of such third party.</p>
<p>3. Conflicts of Interest for Administrators: To protect the integrity and independence of Benchmark determinations, Administrators should document, implement and enforce policies and procedures for the identification, disclosure, management, mitigation or avoidance of conflicts of interest. Administrators should review and update their policies and procedures as appropriate.</p> <p>Administrators should disclose any material conflicts of interest to their users and any relevant Regulatory Authority, if any.</p> <p>The framework should be appropriately tailored to the level of existing or potential conflicts of interest identified and the risks that the Benchmark poses and should seek to ensure:</p> <ol style="list-style-type: none"> Existing or potential conflicts of interest do not inappropriately influence Benchmark determinations; Personal interests and connections or business connections do not compromise the Administrator's performance of its functions; 	<p>To protect the integrity and independence of the BSBY benchmark administration process, BISL has adopted and implemented policies and procedures to identify, disclose, manage, mitigate and avoid actual or potential conflicts of interest, including appropriate segregation of reporting lines.</p> <p>BSBY, in line with other BISL products, is subject to BISL's conflicts of interest program. BISL addresses conflicts of interest in a comprehensive, and timely manner. Employees are subject to the BISL Compliance Manual and associated policies, including but not limited to the BISL Conflicts of Interest Policy and the BISL Personal Account Dealing Policy. Those subject to these policies attend annual training on these policies and complete an annual conflicts of interest disclosure form.</p> <p>In addition to the above conflicts review and associated remediation efforts, BISL has implemented the following additional procedures pursuant to policies specific to the BSBY benchmark business:</p>

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<p>c) Segregation of reporting lines within the Administrator, where appropriate, to clearly define responsibilities and prevent unnecessary or undisclosed conflicts of interest or the perception of such conflicts;</p> <p>d) Adequate supervision and sign-off by authorized or qualified employees prior to releasing Benchmark determinations;</p> <p>e) The confidentiality of data, information and other inputs submitted to, received by or produced by the Administrator, subject to the disclosure obligations of the Administrator;</p> <p>f) Effective procedures to control the exchange of information between staff engaged in activities involving a risk of conflicts of interest or between staff and third parties, where that information may reasonably affect any Benchmark determinations; and</p> <p>g) Adequate remuneration policies that ensure all staff who participate in the Benchmark determination are not directly or indirectly rewarded or incentivized by the levels of the Benchmark.</p> <p>An Administrator's conflict of interest framework should seek to mitigate existing or potential conflicts created by its ownership structure or control, or due to other interests the Administrator's staff or wider group may have in relation to Benchmark determinations. To this end, the framework should:</p> <p>a) Include measures to avoid, mitigate or disclose conflicts of interest that may exist between its Benchmark determination business (including all staff who perform or otherwise participate in Benchmark production responsibilities), and any other business of the Administrator or any of its affiliates; and</p> <p>b) Provide that an Administrator discloses conflicts of interest arising from the ownership structure or the control of the Administrator to its Stakeholders and any relevant Regulatory Authority in a timely manner.</p>	<ul style="list-style-type: none"> ➤ Members of the team that are engaged in BSBY benchmark design, calculation and distribution are subject to trading restrictions with respect to individual securities as well as other types of investments, including funds and ETFs. ➤ BISL personnel are prohibited from having an interest in any financial instrument, including exchange traded products or mutual funds, that are linked to or track a benchmark administered by BISL, including BSBY. ➤ Members of the BOC are required to disclose actual or potential conflicts of interest under the applicable terms of reference and are required to recuse themselves from voting on matters in which a conflict exists. ➤ Compensation of BISL team members may not be linked to the performance of its benchmarks, including BSBY. <p>Bloomberg personnel have an obligation, pursuant to company-wide policies, to conduct themselves in accordance with the highest ethical standards and within guidelines that prohibit actual or potential conflicts of interest or the perception of impropriety. Accordingly, in addition to the benchmark specific policies and procedures, Bloomberg has policies and procedures which cover:</p> <ul style="list-style-type: none"> ➤ General Standards of Conduct and Ethical Behavior; ➤ Conflicts of Interest; ➤ Misuse of Confidential Information and Trading Restrictions; ➤ Communication Guidelines and Restrictions; ➤ Access restrictions to third party data, including outside index memberships; ➤ Gifts; ➤ Team leader and compliance department oversight, and ➤ Bribery and Corruption. <p>These policies are reviewed and approved annually by the Compliance department. BISL personnel and other relevant Bloomberg employees are trained on these and other compliance policies upon hire and periodically thereafter, and certify their continued compliance on an annual basis.</p> <p>Conflicts of Interest Due to Ownership Structure</p> <p>The BSBY benchmark is a business of BISL. BISL does not create, recommend or trade securities or financial products. Accordingly, we believe there are no inherent conflicts of interest arising from our corporate ownership structure in connection with BISL's role as an administrator of the BSBY benchmark. In addition, BISL takes into account, when assessing conflicts of interest, whether individuals, including directors, with BISL roles and responsibilities have roles and responsibilities, including directorships, outside of BISL. Where the possibility of conflict arises, BISL appropriately mitigates these conflicts, including conflicts of interest relating to relevant Bloomberg employees, in a timely manner.</p> <p>Refer also to Principles 1 and 4 for additional information relating to the appropriate supervision and review of personnel prior to releasing benchmark determinations.</p>
<p>4. Control Framework for Administrators: An Administrator should implement an appropriate control framework for the process of determining and distributing the Benchmark. The control framework should be appropriately tailored to the materiality of the potential or existing conflicts of interest identified, the extent of the use of discretion in the Benchmark setting process and to the nature of Benchmark inputs and outputs. The control framework should be documented and available to relevant Regulatory Authorities, if any. A summary of its main features should be Published or Made Available to Stakeholders.</p>	<p>BISL has implemented a control framework ("Control Framework") for the process of determining and distributing its benchmarks, including BSBY. The Control Framework includes the following:</p> <ul style="list-style-type: none"> ➤ Conflicts of interest policy and related procedures for the identification, disclosure, management, mitigation and avoidance of actual or potential conflicts of interest; ➤ Benchmark and data reviews (both the rules of construction and data inputs) to determine whether its benchmarks continue to

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<p>This control framework should be reviewed periodically and updated as appropriate. The framework should address the following areas:</p> <ul style="list-style-type: none"> a) Conflicts of interest in line with Principle 3 on conflicts of interests; b) Integrity and quality of Benchmark determination: <ul style="list-style-type: none"> i. Arrangements to ensure that the quality and integrity of Benchmarks is maintained, in line with principles 6 to 15 on the quality of the Benchmark and Methodology; ii. Arrangements to promote the integrity of Benchmark inputs, including adequate due diligence on input sources; iii. Arrangements to ensure accountability and complaints mechanisms are effective, in line with principles 16 to 19; and iv. Providing robust infrastructure, policies and procedures for the management of risk, including operational risk. c) Whistleblowing mechanism d) Administrators should establish an effective whistleblowing mechanism to facilitate early awareness of any potential misconduct or irregularities that may arise. This mechanism should allow for external reporting of such cases where appropriate. e) Expertise: <ul style="list-style-type: none"> i. Ensuring Benchmark determinations are made by personnel who possess the relevant levels of expertise, with a process for periodic review of their competence; and ii. Staff training, including ethics and conflicts of interest training, and continuity and succession planning for personnel. <p>Where a Benchmark is based on Submissions: Administrators should promote the integrity of inputs by:</p> <ul style="list-style-type: none"> a) Ensuring as far as possible that the Submitters comprise an appropriately representative group of participants taking into consideration the underlying Interest measured by the Benchmark; b) Employing a system of appropriate measures so that, to the extent possible, Submitters comply with the Submission guidelines, as defined in the Submitter Code of Conduct and the Administrators' applicable quality and integrity standards for Submission; c) Specifying how frequently Submissions should be made and specifying that inputs or Submissions should be made for every Benchmark determination; and d) Establishing and employing measures to effectively monitor and scrutinize inputs or Submissions. This should include pre-compilation or pre-publication monitoring to identify and avoid errors in inputs or Submissions, as well as ex-post analysis of trends and outliers. 	<p>reasonably measure the intended underlying market interest, the economic reality or otherwise align with their stated objective;</p> <ul style="list-style-type: none"> ➤ A whistleblowing policy and complaints procedure to deal with both internal and external concerns that may arise with respect to the benchmark determination process so that BISL's benchmarks, including BSBY, receive the appropriate internal processes and attention; ➤ Technological and operational infrastructure, with associated policies, playbooks, and procedures for the management of risk, including operational risk and market disruption. These include (i) hiring and retention policies that require the individuals involved in the design, calculation, and distribution of BISL benchmarks to possess relevant industry knowledge, expertise and experience, (ii) a Business Continuity / Disaster Recovery plan, which is periodically reviewed and tested, to determine whether the benchmark administration processes can continue and/or recover as soon as practicable during or following a time of emergency or disaster, and (iii) a risk management framework, including RiskCo and Risk Manager function – see our response to Principle 1 (RiskCo). <p>For additional detail with respect to the design, integrity and quality of BSBY, please see management's responses to Principles 6-15.</p> <p>The Control Framework is reviewed periodically by BISL and revised as appropriate.</p> <p>A summary of its main features is made available to benchmark stakeholders upon request.</p> <p>See response to Principle 14 with regard to submissions.</p>
<p>5. Internal Oversight: Administrators should establish an oversight function to review and provide challenge on all aspects of the Benchmark determination process. This should include consideration of the features and intended, expected or known usage of the Benchmark and the materiality of existing or potential conflicts of interest identified.</p> <p>The oversight function should be carried out either by a separate committee, or other appropriate governance arrangements. The oversight function and its composition should be appropriate to provide effective scrutiny of the</p>	<p>BISL has established an appropriate governance and oversight regime, with supplementary governance for BSBY. See our response to Principle 1 above.</p> <p>Our governance and oversight structure are aligned with BISL's three lines of defence, as described below.</p> <p>Three Lines of Defence</p> <p>BISL manages risks related to its BSBY benchmark activities through three lines of defence. This internal control structure, described below, is intended to provide executive management and the BISL board of directors with reasonable assurance that BISL and its personnel are conducting activities in compliance with laws, regulatory requirements, and internal policies and</p>

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<p>Administrator. Such oversight function could consider groups of Benchmarks by type or asset class, provided that it otherwise complies with this Principle.</p> <p>An Administrator should develop and maintain robust procedures regarding its oversight function, which should be documented and available to relevant Regulatory Authorities, if any. The main features of the procedures should be Made Available to Stakeholders. These procedures should include:</p> <ul style="list-style-type: none"> a) The terms of reference of the oversight function; b) Criteria to select members of the oversight function; c) The summary details of membership of any committee or arrangement charged with the oversight function, along with any declarations of conflicts of interest and processes for election, nomination or removal and replacement of committee members. <p>The responsibilities of the oversight function include:</p> <ul style="list-style-type: none"> a) Oversight of the Benchmark design: <ul style="list-style-type: none"> i. Periodic review of the definition of the Benchmark and its Methodology; ii. Taking measures to remain informed about issues and risks to the Benchmark, as well as commissioning external reviews of the Benchmark (as appropriate); iii. Overseeing any changes to the Benchmark Methodology, including assessing whether the Methodology continues to appropriately measure the underlying Interest, reviewing proposed and implemented changes to the Methodology, and authorizing or requesting the Administrator to undertake a consultation with Stakeholders where known or its Subscribers on such changes as per Principle 12; and iv. Reviewing and approving procedures for termination of the Benchmark, including guidelines that set out how the Administrator should consult with Stakeholders about such cessation. b) Oversight of the integrity of Benchmark determination and control framework: <ul style="list-style-type: none"> i. Overseeing the management and operation of the Benchmark, including activities related to Benchmark determination undertaken by a third party; ii. Considering the results of internal and external audits, and following up on the implementation of remedial actions highlighted in the results of these audits; and iii. Overseeing any exercise of Expert Judgment by the Administrator and ensuring Published Methodologies have been followed. <p>Where conflicts of interests may arise in the Administrator due to its ownership structures or controlling interests, or due to other activities conducted by any entity owning or controlling the Administrator or by the Administrator or any of its affiliates: the Administrator should establish an independent oversight function which includes a balanced representation of a range of Stakeholders where known, Subscribers and Submitters, which is chosen to counterbalance the relevant conflict of interest.</p> <p>Where a Benchmark is based on Submissions: the oversight function should provide suitable oversight and challenge of the Submissions by:</p>	<p>procedures related to the administration of benchmarks. The three lines of defence are outlined as follows:</p> <ul style="list-style-type: none"> ➤ The first line of defence includes index production managers, engineers and product manager leads responsible for day-to-day operations of BSBY—including managing associated risks—participating within the governance structure of the PROC (see 'Governance and Oversight' in our response to Principle 1 above). ➤ The second line of defence includes Bloomberg Legal and Compliance personnel providing regulatory guidance and advisory services as well as conducting compliance monitoring and oversight activities via the compliance monitoring program (see 'Internal Reviews' below). The second line also includes the BOC, BISL's oversight function (see 'Governance and Oversight' in our response to Principle 1 above). ➤ The third line of defence includes Bloomberg's internal audit function and, if applicable, reviews conducted by external auditors (see 'Internal Reviews' below). <p>To determine whether BISL's control framework remains appropriate, BISL conducts periodic risk and control assessments. Results of the risk and control assessments are reported through BISL's governance and oversight structure.</p> <p>Internal Reviews</p> <p>As part of the second line of defence, BISL's benchmark administration is subject to Bloomberg's Compliance function, which periodically reviews various aspects of its businesses to determine whether it is adhering to applicable policies and procedures, and to assess whether applicable controls are functioning properly.</p> <p>As a third line of defence, BISL is subject to Bloomberg's Internal Audit function which may from time to time review adherence to benchmark regulation and applicable policies and procedures. The third line of defence provides assurance to the BISL board concerning the effectiveness of the control environment in mitigating risk.</p> <p>See response to Principle 14 with regard to submissions.</p>

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<p>a) Overseeing and challenging the scrutiny and monitoring of inputs or Submissions by the Administrator. This could include regular discussions of inputs or Submission patterns, defining parameters against which inputs or Submissions can be analyzed, or querying the role of the Administrator in challenging or sampling unusual inputs or Submissions;</p> <p>b) Overseeing the Code of Conduct for Submitters;</p> <p>c) Establishing effective arrangements to address breaches of the Code of Conduct for Submitters; and</p> <p>d) Establishing measures to detect potential anomalous or suspicious Submissions and in case of suspicious activities, to report them, as well as any misconduct by Submitters of which it becomes aware to the relevant Regulatory Authorities, if any.</p>	
<p>6. Benchmark Design: The design of the Benchmark should seek to achieve, and result in an accurate and reliable representation of the economic realities of the Interest it seeks to measure, and eliminate factors that might result in a distortion of the price, rate, index or value of the Benchmark.</p> <p>Benchmark design should take into account the following generic non-exclusive features, and other factors should be considered, as appropriate to the particular Interest:</p> <p>a) Adequacy of the sample used to represent the Interest;</p> <p>b) Size and liquidity of the relevant market (for example whether there is sufficient trading to provide observable, transparent pricing);</p> <p>c) Relative size of the underlying market in relation to the volume of trading in the market that references the Benchmark;</p> <p>d) The distribution of trading among Market Participants (market concentration);</p> <p>e) Market dynamics (e.g., to ensure that the Benchmark reflects changes to the assets underpinning a Benchmark).</p>	<p>BSBY aims to represent a series of credit sensitive reference rates that incorporate systemic bank credit spreads and defines a forward term structure. BSBY seeks to measure the average yields at which large, global banks access USD senior unsecured marginal wholesale funding. Based on consolidated anonymized transaction-related and firm executable quotes,¹ including pricing observations sourced from Bloomberg's deposit and money-market electronic trading solutions and trades of senior unsecured bank corporate bonds reported by FINRA, BSBY uses an advanced curve-fitting methodology to calculate overnight, 1-month, 3-month, 6-month and 12-month yields and publishes them daily at 8:00 am EST.</p> <p>BISL maintains a rules-based methodology for BSBY that is publicly available. The BSBY WG will, under the oversight of the PROC and BOC, review the design of the BSBY benchmark at least annually to address whether it remains an accurate representation of the market interest described above.</p>
<p>7. Data Sufficiency: The data used to construct a Benchmark determination should be sufficient to accurately and reliably represent the Interest measured by the Benchmark and should:</p> <p>Be based on prices, rates, indices or values that have been formed by the competitive forces of supply and demand in order to provide confidence that the price discovery system is reliable; and</p> <p>Be anchored by observable transactions entered into at arm's length between buyers and sellers in the market for the Interest the Benchmark measures in order for it to function as a credible indicator of prices, rates, indices or values.</p> <p>This Principle requires that a Benchmark be based upon (i.e., anchored in) an active market having observable Bona Fide, Arms-Length Transactions. This does not mean that every individual Benchmark determination must be constructed solely of transaction data. Provided that an active market exists, conditions in the market on any given day might require the Administrator to rely on different forms of data tied to observable market data as an adjunct or supplement to transactions. Depending upon the Administrator's Methodology, this could result in an individual Benchmark determination being based predominantly, or</p>	<p>BSBY is calculated based on anonymized transaction-related data and executable quotes over a three day rolling period and do not rely on subjective input data in their calculations such as contributions from panel banks. The published rates are based on instruments that have averaged more than \$160 billion over the past three years in transactions. This figure exceeds \$200 billion when executable quotes are included in the calculation.</p> <p>Each BSBY term setting is generated by fitting a curve locally around the relevant tenor, where outliers are handled dynamically by the curve-building algorithm.</p> <p>Each BSBY tenor's rate is generated from robust transaction-based volumes. This helps to demonstrate that the published tenors are both robust and an accurate representation of the USD marginal wholesale, unsecured funding market at a given maturity.</p> <p>As such, the total volume in each tenor calculation window is required to meet a minimum threshold before a rate can be published. The daily volume thresholds are \$60 billion for the Overnight rate, \$10 billion for 1M, \$10B for the 3M tenor, \$10B for the 6M and finally \$9B for the 12M rate.</p> <p>In the event that the minimum threshold is not met, the BSBY construction algorithm relies on a fallback process that expands the lookback window by incremental days (with a maximum of 5 days) to meet the required thresholds per tenor. If none of the fallbacks achieves the required volume,</p>

¹ Click and trade quotes on Bloomberg electronic trading solutions up to the offering size provided.

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<p>exclusively, on bids and offers or extrapolations from prior transactions. This is further clarified in Principle 8.</p> <p>Provided that subparagraphs (a) and (b) above are met, Principle 7 does not preclude Benchmark Administrators from using executable bids or offers as a means to construct Benchmarks where anchored in an observable market consisting of Bona Fide, Arms-Length transactions.</p> <p>This Principle also recognizes that various indices may be designed to measure or reflect the performance of a rule-based investment strategy, the volatility or behavior of an index or market or other aspects of an active market. Principle 7 does not preclude the use of non-transactional data for such indices that are not designed to represent transactions and where the nature of the index is such that non-transactional data is used to reflect what the index is designed to measure. For example, certain volatility indices, which are designed to measure the expected volatility of an index of securities transactions, rely on non-transactional data, but the data is derived from and thus "anchored" in an actual functioning securities or options market.</p>	<p>previous business day BSBY rate is carried over.</p>
<p>8. Hierarchy of Data Inputs: An Administrator should establish and Publish or Make Available clear guidelines regarding the hierarchy of data inputs and exercise of Expert Judgment used for the determination of Benchmarks. In general, the hierarchy of data inputs should include:</p> <ol style="list-style-type: none"> a) Where a Benchmark is dependent upon Submissions, the Submitters' own concluded arms-length transactions in the underlying interest or related markets; b) Reported or observed concluded Arm's-length Transactions in the underlying interest; c) Reported or observed concluded Arm's-length Transactions in related markets; d) Firm (executable) bids and offers; and e) Other market information or Expert Judgments. <p>Provided that the Data Sufficiency Principle is met (i.e., an active market exists), this Principle is not intended to restrict an Administrator's flexibility to use inputs consistent with the Administrator's approach to ensuring the quality, integrity, continuity and reliability of its Benchmark determinations, as set out in the Administrator's Methodology. The Administrator should retain flexibility to use the inputs it believes are appropriate under its Methodology to ensure the quality and integrity of its Benchmark. For example, certain Administrators may decide to rely upon Expert Judgment in an active albeit low liquidity market, when transactions may not be consistently available each day. IOSCO also recognizes that there might be circumstances (e.g., a low liquidity market) when a confirmed bid or offer might carry more meaning than an outlier transaction. Under these circumstances, non-transactional data such as bids and offers and extrapolations from prior transactions might predominate in a given Benchmark determination.</p>	<p>See our response to Principle 7 above.</p> <p>See response to Principle 14 with regard to submissions.</p>
<p>9. Transparency of Benchmark Determinations: The Administrator should describe and publish a concise explanation with each Benchmark determination, to the extent reasonable without delaying an Administrator publication deadline:</p> <ol style="list-style-type: none"> a) A concise explanation, sufficient to facilitate a Stakeholder's or Market Authority's ability to understand how the determination was developed, including, at a minimum, the size and liquidity of the 	<p>BISL publishes a rules-based methodology for BSBY, applies those rules in each determination using data sources specified in such methodology and provides basic access to BSBY benchmark data via the website (available here: https://www.bloomberg.com/professional/product/indices/bsby/) to allow users to have insight into the BSBY benchmark on a continuous basis.</p>

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<p>market being assessed (meaning the number and volume of transactions submitted), the range and average volume and range and average of price, and indicative percentages of each type of market data that have been considered in a Benchmark determination; terms referring to the pricing Methodology should be included (i.e., transaction-based, spread-based or interpolated/extrapolated);</p> <p>b) A concise explanation of the extent to which and the basis upon which Expert Judgment if any, was used in establishing a Benchmark determination.</p>	
<p>10. Periodic Review: The Administrator should periodically review the conditions in the underlying Interest that the Benchmark measures to determine whether the Interest has undergone structural changes that might require changes to the design of the Methodology. The Administrator also should periodically review whether the Interest has diminished or is non-functioning such that it can no longer function as the basis for a credible Benchmark.</p> <p>The Administrator should Publish or Make Available a summary of such reviews where material revisions have been made to a Benchmark, including the rationale for the revisions.</p>	<p>BISL periodically reviews no less frequently than annually the conditions in the underlying bank funding market interests that BSBY seeks to measure in order to determine whether such interest has undergone structural or other changes that might require proportionate changes to the design of BSBY and the associated methodology.</p> <p>As part of its review process, the BSBY WG reviews whether any particular market interest has diminished or has become non-functioning such that it can no longer reliably function as the basis for a credible benchmark. It also reviews whether its input data sources remain a viable proxy for the overall market.</p> <p>The findings of such reviews are presented to the BOC together with any recommended actions.</p> <p>Whenever the review process results in a proposed material change to the design of BSBY or its methodology, BISL makes such proposed changes available in advance to affected stakeholders whose input will be solicited.</p> <p>The stakeholder engagement sets forth the rationale for any proposed changes as well as the timeframe and process for responses. BISL endeavors to provide at least two weeks for review prior to any material change going into effect. For material changes anticipated to have a significant operational impact on stakeholders, this period may be longer. But in the event of exigent market circumstances, this period may be shorter.</p> <p>Following the approval by BOC of any material changes, BISL publishes a summary of such changes by way of a press release.</p> <p>In the event a determination is made to discontinue one or more tenors of BSBY, appropriate measures are taken in accordance with the procedures aligned with Principle 13.</p>
<p>11. Content of Methodology: The Administrator should document and Publish or Make Available the Methodology used to make Benchmark determinations. The Administrator should provide the rationale for adopting a particular Methodology. The Published Methodology should provide sufficient detail to allow Stakeholders to understand how the Benchmark is derived and to assess its representativeness, its relevance to particular Stakeholders, and its appropriateness as a reference for financial instruments.</p> <p>At a minimum, the Methodology should contain:</p> <p>a) Definitions of key terms;</p> <p>b) All criteria and procedures used to develop the Benchmark, including input selection, the mix of inputs used to derive the Benchmark, the guidelines that control the exercise of Expert Judgment by the Administrator, priority given to certain data types, minimum data needed to determine a Benchmark, and any models or extrapolation methods;</p>	<p>BISL publishes the methodology used to make BSBY benchmark determinations here: https://www.bloomberg.com/professional/product/indices/bsby/.</p> <p>The methodology specifies, among other things:</p> <ul style="list-style-type: none"> ➤ The input data, including relevant volume thresholds (as outlined above); ➤ The fallback procedures which govern BSBY benchmark determinations where these thresholds are not achieved (as outlined above); ➤ The BSBY capping algorithm and curve-fitting methodology, including conventions around 'days-to-maturity' and yield normalization; ➤ The procedures for dealing with errors, including when a revision of a BSBY benchmark would be applicable; ➤ Information regarding the frequency for internal reviews and approvals of the methodology;

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<p>c) Procedures and practices designed to promote consistency in the exercise of Expert Judgment between Benchmark determinations;</p> <p>d) The procedures which govern Benchmark determination in periods of market stress or disruption, or periods where data sources may be absent (e.g., theoretical estimation models);</p> <p>e) The procedures for dealing with error reports, including when a revision of a Benchmark would be applicable;</p> <p>f) Information regarding the frequency for internal reviews and approvals of the Methodology. Where applicable, the Published Methodologies should also include information regarding the procedures and frequency for external review of the Methodology;</p> <p>g) The circumstances and procedures under which the Administrator will consult with Stakeholders, as appropriate; and</p> <p>h) The identification of potential limitations of a Benchmark, including its operation in illiquid or fragmented markets and the possible concentration of inputs.</p> <p>Where a Benchmark is based on Submissions, the additional Principle also applies: The Administrator should clearly establish criteria for including and excluding Submitters. The criteria should consider any issues arising from the location of the Submitter, if in a different jurisdiction to the Administrator. These criteria should be available to any relevant Regulatory Authorities, if any, and Published or Made Available to Stakeholders. Any provisions related to changes in composition, including notice periods should be made clear.</p>	<ul style="list-style-type: none"> ➤ The circumstances and procedures under which BISL will consult with BSBY users and other stakeholders, as appropriate; and ➤ The identification of potential limitations of BSBY, including its operation in illiquid or fragmented markets and the possible concentration of inputs. <p>See response to Principle 14 with regard to submissions.</p>
<p>12. Changes to Methodology: An Administrator should publish or Make Available the rationale of any proposed material change in its Methodology, and procedures for making such changes. These procedures should clearly define what constitutes a material change, and the method and timing for consulting or notifying Subscribers (and other Stakeholders where appropriate, taking into account the breadth and depth of the Benchmark's use) of changes.</p> <p>Those procedures should be consistent with the overriding objective that an Administrator must ensure the continued integrity of its Benchmark determinations. When changes are proposed, the Administrator should specify exactly what these changes entail and when they are intended to apply.</p> <p>The Administrator should specify how changes to the Methodology will be scrutinized by the oversight function.</p> <p>The Administrator should develop Stakeholder consultation procedures in relation to changes to the Methodology that are deemed material by the oversight function, and that are appropriate and proportionate to the breadth and depth of the Benchmark's use and the nature of the Stakeholders. Procedures should:</p> <ul style="list-style-type: none"> a) Provide advance notice and a clear timeframe that gives Stakeholders sufficient opportunity to analyze and comment on the impact of such proposed material changes, having regard to the Administrator's assessment of the overall circumstances; and b) Provide for Stakeholders' summary comments and the Administrator's summary response to those comments, to be made accessible to all Stakeholders after any given consultation period, except where the commenter has requested confidentiality. 	<p>See Management's response to Principle 10 above. Any changes to the BSBY methodology deemed to be material (discussed below) will be subject to the review of the PROC under the oversight of the BOC, each of which committees shall be provided relevant information and materials it requests relating to the change. Material changes will be reflected and tracked in updated versions of the methodology.</p> <p>In determining whether a change to BSBY is material, the following factors shall be taken into account:</p> <ul style="list-style-type: none"> ▪ the economic and financial impact of the change; ▪ whether the change affects the original purpose of the index; and/or <p>whether the change is consistent with the overall objective of the index and the underlying market interest it seeks to measure.</p> <p>Material changes related to BSBY will be made available in advance to affected stakeholders whose input will be solicited. The stakeholder engagement will set forth the rationale for any proposed changes as well as the timeframe and process for responses. BISL will endeavour to provide at least four weeks for review prior to any material change going into effect. In the event of exigent market circumstances, this period may be shorter. Subject to requests for confidentiality, stakeholder feedback and BISL's responses will be made accessible upon request.</p>

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<p>13. Transition: Administrators should have clear written policies and procedures, to address the need for possible cessation of a Benchmark, due to market structure change, product definition change, or any other condition which makes the Benchmark no longer representative of its intended Interest. These policies and procedures should be proportionate to the estimated breadth and depth of contracts and financial instruments that reference a Benchmark and the economic and financial stability impact that might result from the cessation of the Benchmark. The Administrator should take into account the views of Stakeholders and any relevant Regulatory and National Authorities in determining what policies and procedures are appropriate for a particular Benchmark.</p> <p>These written policies and procedures should be Published or Made Available to all Stakeholders.</p> <p>Administrators should encourage Subscribers and other Stakeholders who have financial instruments that reference a Benchmark to take steps to make sure that:</p> <ul style="list-style-type: none"> a) Contracts or other financial instruments that reference a Benchmark, have robust fall-back provisions in the event of material changes to, or cessation of, the referenced Benchmark; and b) Stakeholders are aware of the possibility that various factors, including external factors beyond the control of the Administrator, might necessitate material changes to a Benchmark. <p>Administrators' written policies and procedures to address the possibility of Benchmark cessation could include the following factors, if determined to be reasonable and appropriate by the Administrator:</p> <ul style="list-style-type: none"> a) Criteria to guide the selection of a credible, alternative Benchmark such as, but not limited to, criteria that seek to match to the extent practicable the existing Benchmark's characteristics (e.g., credit quality, maturities and liquidity of the alternative market), differentials between Benchmarks, the extent to which an alternative Benchmark meets the asset/liability needs of Stakeholders, whether the revised Benchmark is investable, the availability of transparent transaction data, the impact on Stakeholders and impact of existing legislation; b) The practicality of maintaining parallel Benchmarks (e.g., where feasible, maintain the existing Benchmark for a defined period of time to permit existing contracts and financial instruments to mature and publish a new Benchmark) in order to accommodate an orderly transition to a new Benchmark; c) The procedures that the Administrator would follow in the event that a suitable alternative cannot be identified; d) In the case of a Benchmark or a tenor of a Benchmark that will be discontinued completely, the policy defining the period of time in which the Benchmark will continue to be produced in order to permit existing contracts to migrate to an alternative Benchmark if necessary; and e) The process by which the Administrator will engage Stakeholders and relevant Market and National Authorities, as appropriate, in the process for selecting and moving towards an alternative Benchmark, including the timeframe for any such action commensurate with the 	<p>BISL may from time to time terminate one or more BSBY tenors or BSBY as a whole ("Discontinued BSBY Rates"), whether due to changes in market structure, a lack of requisite input data, insufficient usage, or for other regulatory or practical concerns.</p> <p>The process for terminating such Discontinued BSBY Rates is as follows: The BOC will review proposed terminations, taking into account the reasons for termination, the impact on users (if any), the availability of alternative products and other such factors.</p> <p>If termination is approved, users will be provided as much prior notice as is reasonable under the circumstances, typically 90 days. In the event there is little or no known usage identified, the Discontinued BSBY Rates may be terminated with less (or no) notice, as applicable. In the event the Discontinued BSBY Rates are licensed for use as the basis of bank lending, structured or derivative products, exchange-listed futures, or other widely-available financial product or is otherwise determined by the BOC to be an important benchmark without reasonable substitutes, the notice period may be extended, as warranted, up to 24 months or more. Any advance notice period is subject to BISL being reasonably able to continue administering and calculating such Discontinued BSBY Rates during such period (for example, BISL has access to requisite data on commercially reasonable terms, is not subject to any litigation or other claims, has adequate internal resources and capabilities, etc.).</p> <p>The BSBY methodology notes that if financial product issuers, lenders or others choose to use BSBY as the basis of a rate-linked financial product or as a borrowing rate, it is important to consider the possibility that factors, including external factors, may necessitate changes to, or the cessation of BSBY or tenors thereof, including the potential need to terminate or modify the terms of a loan or other financial product resulting from the termination of the calculation of one or more of the BSBY tenors.</p>

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<p>tenors of the financial instruments referencing the Benchmarks and the adequacy of notice that will be provided to Stakeholders.</p>	
<p>14. Submitter Code of Conduct: Where a Benchmark is based on Submissions, the following principles also applies:</p> <p>The Administrator should develop guidelines for Submitters ("Submitter Code of Conduct"), which should be available to any relevant Regulatory Authorities, if any and Published or Made Available to Stakeholders.</p> <p>The Administrator should only use inputs or Submissions from entities which adhere to the Submitter Code of Conduct and the Administrator should appropriately monitor and record adherence from Submitters. The Administrator should require Submitters to confirm adherence to the Submitter Code of Conduct annually and whenever a change to the Submitter Code of Conduct has occurred.</p> <p>The Administrator's oversight function should be responsible for the continuing review and oversight of the Submitter Code of Conduct.</p> <p>The Submitter Code of Conduct should address:</p> <ol style="list-style-type: none"> a) The selection of inputs; b) Who may submit data and information to the Administrator; c) Quality control procedures to verify the identity of a Submitter and any employee(s) of a Submitter who report(s) data or information and the authorization of such person(s) to report market data on behalf of a Submitter; d) Criteria applied to employees of a Submitter who are permitted to submit data or information to an Administrator on behalf of a Submitter; e) Policies to discourage the interim withdrawal of Submitters from surveys or Panels; f) Policies to encourage Submitters to submit all relevant data; and g) The Submitters' internal systems and controls, which should include: <ol style="list-style-type: none"> i. Procedures for submitting inputs, including Methodologies to determine the type of eligible inputs, in line with the Administrator's Methodologies; ii. Procedures to detect and evaluate suspicious inputs or transactions, including inter-group transactions, and to ensure the Bona Fide nature of such inputs, where appropriate; iii. Policies guiding and detailing the use of Expert Judgment, including documentation requirements; iv. Record keeping policies; v. Pre-Submission validation of inputs, and procedures for multiple reviews by senior staff to check inputs; vi. Training, including training with respect to any relevant regulation (covering Benchmark regulation or any market abuse regime); vii. Suspicious Submission reporting; viii. Roles and responsibilities of key personnel and accountability lines; ix. Internal sign off procedures by management for submitting inputs; 	<p>Users of Bloomberg's electronic trading solutions are not deemed "submitters" under the IOSCO Principles due to the fact that they do not transact or otherwise provide pricing information for the purposes of determining the BSBY benchmark.</p> <p>In addition, while the definition of a "submission" is broad under the IOSCO Principles and could be construed to include Bloomberg's provision to BISL of certain of the transaction-related input data, BISL is not treating such input data as "submissions" from Bloomberg in accordance with the IOSCO Principles' overarching principle of proportionality and is therefore not applying those principles that apply where a Benchmark is based on Submissions. This is based, among other things, on nature of the source (i.e., not stemming from a market participant with an interest in the underlying markets) and the nature of the input data itself. However, BISL has in place arrangements defining the nature of the services provided (e.g., input data sourcing) and expected standards (e.g., file formats, availability, service interruption/disaster recovery coordination, data integrity, etc.). Such arrangements are monitored and reviewed on a periodic basis.</p>

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<p>x. Whistle blowing policies (in line with Principle 4); and</p> <p>xi. Conflicts of interest procedures and policies, including prohibitions on the Submission of data from Front Office Functions unless the Administrator is satisfied that there are adequate internal oversight and verification procedures for Front Office Function Submissions of data to an Administrator (including safeguards and supervision to address possible conflicts of interests as per paragraphs (v) and (ix) above), the physical separation of employees and reporting lines where appropriate, the consideration of how to identify, disclose, manage, mitigate and avoid existing or potential incentives to manipulate or otherwise influence data inputs (whether or not in order to influence the Benchmark levels), including, without limitation, through appropriate remuneration policies and by effectively addressing conflicts of interest which may exist between the Submitter's Submission activities (including all staff who perform or otherwise participate in Benchmark Submission responsibilities), and any other business of the Submitter or of any of its affiliates or any of their respective clients or customers.</p>	
<p>15. Internal Controls over Data Collection: When an Administrator collects data from any external source the Administrator should ensure that there are appropriate internal controls over its data collection and transmission processes. These controls should address the process for selecting the source, collecting the data and protecting the integrity and confidentiality of the data. Where Administrators receive data from employees of the Front Office Function, the Administrator should seek corroborating data from other sources.</p>	<p>BISL collects input data sourced from Bloomberg's deposit and money-market electronic trading solutions as well as trades of senior unsecured bank corporate bonds. Per its arrangements with such internal solutions and sources, BISL implements internal controls over these data collection and transmission processes, including with regard to data integrity, change management, service access, and potential service disruptions.</p>
<p>16. Complaints Process: The Administrator should establish and publish or make available a written complaints procedures policy, by which Stakeholders may submit complaints including concerning whether a specific Benchmark determination is representative of the underlying Interest it seeks to measure, applications of the Methodology in relation to a specific Benchmark determination(s) and other Administrator decisions in relation to a Benchmark determination.</p> <p>The complaints procedures policy should:</p> <ol style="list-style-type: none"> a) Permit complaints to be submitted through a user-friendly complaints process such as an electronic Submission process; b) Contain procedures for receiving and investigating a complaint made about the Administrator's Benchmark determination process on a timely and fair basis by personnel who are independent of any personnel who may be or may have been involved in the subject of the complaint, advising the complainant and other relevant parties of the outcome of its investigation within a reasonable period and retaining all records concerning complaints; c) Contain a process for escalating complaints, as appropriate, to the Administrator's governance body; and d) Require all documents relating to a complaint, including those submitted by the complainant as well as the Administrator's own record, to be retained for a minimum of five years, subject to applicable national legal or regulatory requirements. 	<p>BISL has established and shall maintain a written complaints procedures policy. The policy is available upon request at https://www.bloomberg.com/professional/product/indices/benchmark-regulation-resources/, along with details on how a customer may electronically submit (i.e., via email) complaints relating to the benchmark determination.</p> <p>As provided in the complaints procedures policy, BSBY benchmark users and other stakeholders can submit complaints or other feedback including, without limitation, concerning whether a specific BSBY benchmark determination is not representative of the underlying market interest it seeks to measure, perceived misapplications of the BSBY benchmark methodology in relation to a BSBY benchmark determination and other decisions made by BISL in relation to its business and operations.</p> <p>After a complaint is submitted, it will be routed to the appropriate members of the Bloomberg compliance team and, if appropriate, to members of the BOC and/or PROC governance committee or other personnel who will investigate and process the complaint in accordance with BISL's internal requirements. Records of any such investigation shall be retained for at least five years or as otherwise required by applicable law.</p> <p>It is the policy of BISL to exclude from any investigation any BSBY team member or other BISL employee who may be subject to a conflict of interest due to the nature of the complaint.</p> <p>Depending on the nature of the issue identified in the complaint, the matter will be appropriately escalated. If any remedial action that materially affects the BSBY benchmark is required in order to satisfactorily address the</p>

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<p>Disputes about a Benchmarking determination, which are not formal complaints, should be resolved by the Administrator by reference to its standard appropriate procedures. If a complaint results in a change in a Benchmark determination, that should be Published or Made Available to Subscribers and Published or Made Available to Stakeholders as soon as possible as set out in the Methodology.</p>	<p>complaint, BISL will make an appropriate announcement to the BSBY benchmark user and other affected stakeholders. In addition, the individual submitting the complaint will be made aware of such actions. If warranted, and subject to Bloomberg's internal policies, BISL will report matters to appropriate regulatory authorities.</p> <p>In the event a dispute or inquiry about a particular BSBY benchmark determination does not rise to the level of a formal complaint, BISL may address such inquiries in accordance with its standard user engagement procedures.</p>
<p>17. Audits: An Administrator should appoint an independent internal or external auditor with appropriate experience and capability to periodically review and report on the Administrator's adherence to its stated criteria and the requirements of the Principles. The frequency of audits should be proportionate to the size and complexity of the Administrator's operations.</p> <p>Where appropriate to the level of existing or potential conflicts of interest identified by the Administrator (except for Benchmarks that are otherwise regulated or supervised by a National Authority other than a relevant Regulatory Authority), an Administrator should appoint an independent external auditor with appropriate experience and capability to periodically review and report on the Administrator's adherence to its stated Methodology. The frequency of audits should be proportionate to the size and complexity of the Administrator's Benchmark operations and the breadth and depth of Benchmark use by Stakeholders.</p>	<p>BISL has appointed an independent external auditor with appropriate experience and capability to provide an initial assurance report with respect to BSBY and to thereafter periodically review and report on its adherence with the Principles.</p> <p>The frequency of external audits shall be determined by the BOC in a manner proportionate to the size, use and complexity of the BSBY business and operations.</p>
<p>18. Audit Trails: Written records should be retained by the Administrator for five years, subject to applicable national legal or regulatory requirements on: All market data, Submissions and any other data and information sources relied upon for Benchmark determination;</p> <ol style="list-style-type: none"> a) The exercise of Expert Judgment made by the Administrator in reaching a Benchmark determination; b) Other changes in or deviations from standard procedures and Methodologies, including those made during periods of market stress or disruption; c) The identity of each person involved in producing a Benchmark determination; and d) Any queries and responses relating to data inputs. <p>If these records are held by a Regulated Market or Exchange the Administrator may rely on these records for compliance with this Principle, subject to appropriate written record sharing agreements.</p> <p>When a Benchmark is based on Submissions, the following additional Principle also applies:</p> <p>Submitters should retain records for five years subject to applicable national legal or regulatory requirements on:</p> <ol style="list-style-type: none"> a) The procedures and Methodologies governing the Submission of inputs; b) The identity of any other person who submitted or otherwise generated any of the data or information provided to the Administrator; 	<p>Subject to applicable legal or regulatory requirements and/or firm-wide record retention policies, the following records of BISL with respect to BSBY will be retained for at least five years:</p> <ul style="list-style-type: none"> ➤ Input data used in the determination of the BSBY benchmark; ➤ The exercise of Expert Judgment made by BISL in reaching a BSBY benchmark determination; ➤ Other material changes in or significant deviations from standard procedures and BSBY benchmark methodology, including those made during periods of market stress or disruption; ➤ The identity of each person involved in producing a BSBY benchmark determination; and, ➤ Inquiries and responses relating to data inputs which are necessary for the stakeholders to understand how the particular benchmark was determined. <p>See response to Principle 14 above with regard to submissions.</p>

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<ul style="list-style-type: none"> c) Names and roles of individuals responsible for Submission and Submission oversight; d) Relevant communications between submitting parties; e) Any interaction with the Administrator; f) Any queries received regarding data or information provided to the Administrator; g) Declaration of any conflicts of interests and aggregate exposures to Benchmark related instruments; h) Exposures of individual traders/desks to Benchmark related instruments in order to facilitate audits and investigations; and i) Findings of external/internal audits, when available, related to Benchmark Submission remedial actions and progress in implementing them. 	
<p>19. Co-operation with Regulatory Authorities: Relevant documents, Audit Trails and other documents subject to these Principles shall be made readily available by the relevant parties to the relevant Regulatory Authorities in carrying out their regulatory or supervisory duties and handed over promptly upon request.</p>	<p>BISL will make available relevant documents, audit trails and other documents readily available to its competent authority and/or other regulatory authorities with appropriate jurisdiction carrying out their regulatory or supervisory duties.</p>

IOSCO Adherence Document Disclaimer

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