



Conflicts of Interest Policy



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1. Purpose and objectives

In compliance with the EU Benchmark Regulation (EU BMR), the purpose of this Policy is to provide a comprehensive framework for the identification, prevention, and management of conflicts of interests that may arise within the European Money Markets Institute (EMMI).

The aim of this Policy is to maintain stakeholders' confidence and to protect the integrity and reputation of EMMI's governing bodies, committees and staff, with particular reference to the activities related to the benchmark administration.

The objectives of this Policy are:

- The protection of the integrity and the independence of benchmark determination.
In order to reach this objective EMMI operationally separates the provision of its benchmarks from any part of its business. Furthermore, EMMI establishes and operates adequate policies and procedures, and introduces effective organizational arrangements for the identification, prevention and management of potential, actual or perceived conflicts of interests.
- The integrity and reliability of employees and other natural persons involved in the provision of the benchmark.
In order reach this objective EMMI establishes necessary measures to ensure that:
 - EMMI's Staff and any other natural persons whose services are placed at EMMI's disposal or under EMMI's control and who are directly involved in the provision of a benchmark are not subject to undue influence or conflicts of interests, and
 - the compensation and performance evaluation of those persons do not create conflicts of interests or otherwise impinge upon the integrity of the benchmark determination process.

2. Definitions

For the purpose of this Policy, the following definitions of a conflict of interests apply:

- **Potential conflict of interests** refers to a situation where the impartiality and objectivity of a decision, opinion or recommendation of a body or a person could be compromised by personal or business interests held by or entrusted to a given individual;
- **Actual conflict of interests** refers to a situation where the impartiality and objectivity of a decision, opinion or recommendation of a body or a person is compromised by personal or business interests held by or entrusted to a given individual;
- **Perceived conflict of interests** refers to a situation where the impartiality and objectivity of a decision, opinion or recommendation of a body or a person might be perceived as being compromised by personal or business interests held by or entrusted to a given individual, even if in fact there is no such undue influence. Perceived conflicts of interests can be potential or actual.

3. Principles

EMMI's Conflicts of Interest Policy is based on principles of independence, accountability, and transparency.

3.1. Independence

Independence and high standards of professional conduct by EMMI's Relevant Persons are crucial for the integrity of the benchmarks and for EMMI's reputation. Conduct and decision-making should not be affected by any financial, personal or professional relationship or by circumstances that could impair a Relevant Person's impartiality and objectivity.

3.2. Accountability

EMMI's benchmarks governance framework has in place robust procedures to identify, prevent and manage potential, actual or perceived conflicts of interests and specifies in a clear and well documented manner the accountability of at least the following persons:

- persons responsible for the publication or disclosure of existing or potential conflicts of interests;
- persons responsible for the internal reporting of any circumstance which may give rise to conflicts of interests.

3.3. Transparency

Transparency is crucial for maintaining public's trust in the integrity and independence of benchmark determination. In this regard, EMMI publishes on its website the Conflicts of Interest Oversight Committee's annual report. In this report, EMMI discloses all potential, actual or perceived conflicts of interests to users of its benchmarks, to the relevant competent authority and, where relevant, to contributors.

4. Scope

This Policy applies to potential, actual or perceived conflicts of interests which may affect the following Relevant Persons of EMMI.

The Relevant Persons of EMMI are:

- members of EMMI's General Assembly (Banking Associations)¹,
- members of the Board of Directors,
- members of the benchmark Oversight Committee (Oversight Committee),
- members of the Audit and Risk Committee,
- members of the Nomination Committee,
- members of the Conflicts of Interest Oversight Committee (CIOOC),
- appointed observers to the committees,
- the Chief Executive Officer (CEO) and the the Deputy Chief Executive Officer (Deputy CEO),
- members of EMMI's Staff².

The Policy also applies to each entity contributing to the determination, calculation and dissemination of EMMI's financial benchmarks, in particular Panel Banks and Calculation Agents.

¹ The members of EMMI's General Assembly are sitting in the Assembly as representatives of the national banking associations. Accordingly, the respective Association is also responsible to ensure that conflicts of interests are managed by its representatives in General Assembly meetings.

² Employees, temporary staff and in-house consultants.

Panel Banks and Calculation Agents must adopt their own internal rules on conflicts of interests. If these rules include more stringent requirements, these requirements will prevail.

5. Organisational measures

Organisational measures aim at the identification, prevention and management of potential, actual or perceived conflicts of interests and can be categorized as follows:

- **Structural measures** based on the organisational structure (segregation of functions through the three lines of defence model);
- **Policy measures** based on the adoption and implementation of specific internal policies and procedures, such as criteria for the participation in decision-making procedures (e.g. preventive disclosure of interests) and for the composition of bodies (e.g. balanced composition of the Oversight Committee between panel banks, users and independent members);
- **Functional measures** based on specific functions dedicated to the management of conflicts of interests (establishment of the CIOC); and
- **Conduct measures** based on codes of conduct.

The efficiency of these organisational measures is evaluated by the CIOC with respect to their capacity to:

- establish an organisational separation between conflicting activities;
- give clear rules of action to the persons concerned;
- independently supervise potential, actual or perceived conflicts of interests.

6. Declarations of Interests

All Relevant Persons identified in section 4 are required to fill in and sign an annual declaration of interests. Declarations of interests serve the purpose of identifying potential, actual or perceived conflicts of interests and promoting a culture of transparency.

EMMI's Relevant Persons are required to provide EMMI with a declaration of interests before their appointment and on an annual basis, as well as in the event of any change in their interests, and/or position, affiliation, etc.

Taking into consideration that members of the General Assembly are not appointed on a personal basis, instead of providing a declaration of interests, these members fill in an appointment form in which they declare that the association and its representatives have read and agree to adhere to EMMI's Conflicts of Interest Policy and Confidentiality Policy.

In addition to all consequences set out by the applicable law, incorrect declarations may lead to the withdrawal/removal from office or from membership of the Board of Directors and/or committees. The person concerned might be held liable in accordance with the applicable law for the damages suffered by EMMI as a result of an incorrect declaration.

EMMI has established a clear and objective process to assess declarations of interests and applies this process consistently in accordance with the Conflicts of Interest Procedure.

7. Conflicts of Interest Oversight Committee

EMMI has established a Conflicts of Interest Oversight Committee ('CIOC') whose primary responsibilities are to monitor, identify and prevent potential, actual or perceived conflicts of interests, in line with the objectives of this policy.

The CIOC advises EMMI's Governing bodies, committees and EMMI's Staff on actions to be taken in respect of potential, actual or perceived conflicts of interests. The advice is not binding. When the Oversight Committee, the Board of Directors, the CEO and /or Deputy CEO, where relevant, decide not to follow the advice given by the CIOC, they provide the CIOC with a reasoned written opinion explaining the reason why the advice of the CIOC has not been followed. In this event, the CIOC describes the situation in its annual report, indicating that its advice has not been followed.

The rules related to the composition, duties and reporting responsibilities of the CIOC are defined in the CIOC Charter.

8. Conflicts of interest requirements in relation to benchmark administration

EMMI has established adequate measures and effective organisational arrangements for the identification, disclosure, prevention, management and mitigation of potential, actual or perceived conflicts of interests in order to protect the integrity and independence of benchmark determinations.

Conflicts of interest requirements specific to the contribution, calculation and oversight activities of benchmarks are included in the Code of Obligation of Panel Banks, the Terms of Reference of Oversight Committees and the Code of Obligations of Calculation Agents.³

8.1. Panel banks and calculation agents

Panel banks and calculation agents are required to establish and maintain an effective conflicts of interest policy to enable them to identify and mitigate potential, actual or perceived conflicts of interests that may arise with respect to contribution and calculation activities.

In this context, the Benchmark Oversight Committee(s) oversees panel banks and calculation agents' compliance with those requirements by reviewing annual declarations of adherence and external audit reports. The Oversight Committee is supported by EMMI's Staff in the performance of the annual reviews.

If the Oversight Committee identifies a potential, actual or perceived conflict of interest situation, the matter is referred to the CIOC which provides a recommendation on the management of the situation in accordance with the Conflicts of Interest Procedure and the Mapping of Conflicts of Interests. The Oversight Committee adopts a final resolution on the matter once the CIOC has issued a recommendation.

³ These documents are available on EMMI's website: www.emmi-benchmarks.eu

The Panel Banks and the Calculation Agents are required to review their Conflicts of Interest Policies and Procedures on an annual basis to ensure their compliance with the Governance Code of Conduct, where applicable. The findings of this review are reported to the Oversight Committee and uncovered breaches are treated according to the benchmark Governance Code of Conduct.

8.2. Benchmark Oversight Committee(s)

Each of the Oversight Committee members should demonstrate high standards of integrity and ethics, and be free of any relationship that, in the opinion of the Board or of the Conflicts of Interest Oversight Committee, would interfere with their individual exercise of independent judgment.

Annual declarations of interests and biographies of the benchmark Oversight Committee members are published on EMMI's website.

Any potential, actual or perceived conflict of interest situation affecting Oversight Committee members is referred to the CIOC which provides a recommendation on the management of the situation in accordance with the Conflicts of Interest Procedure and the Mapping of Conflicts of Interests.

8.3. EMMI's Staff

EMMI's Staff and any other natural person whose services are placed at EMMI's disposal or under EMMI's control:

- may not be subject to a compensation and performance evaluation that would create conflicts of interests or otherwise impinge on the integrity of the benchmark process;
- are required to declare that they do not have any personal or business interests that may compromise the administrator's function and to disclose in their declaration of interests any personal or business interest in assets or loans referencing EMMI's benchmarks;
- are prohibited from contributing to a benchmark determination by way of engaging in bids, offers and trades on a personal basis or on behalf of market participants.

Where a potential, actual or perceived conflicts of interest situation is identified between Staff members and panel banks as well as calculation agents, the matter is referred to the CIOC which provides a recommendation on the management of the situation in accordance with the Conflicts of Interest Procedure and the Mapping of Conflicts of Interests.

9. Prevention, mitigation and management of conflicts of interests

EMMI has established a mapping of conflicts of interests identifying potential, actual or perceived conflicts of interests that may affect the independent judgement of EMMI's Relevant Persons in the performance of their activities and decision-making responsibilities within EMMI setting out the corresponding preventive, mitigating and/or corrective measures.

The corresponding preventive, mitigating and corrective measures are defined on the basis of a three-tier control model:

- **first tier:** the responsibility rests with the individual.
- **second tier:** the control or supervision of potential, actual or perceived conflicts of interests related to EMMI's activities and in particular to the determination, calculation and dissemination of EMMI's financial benchmarks are carried out by EMMI's Executive Management⁴.
- **third tier:** where potential, actual or perceived conflicts of interests are identified that require the permanent withdrawal from or prohibition to exercise a specific task or activity, the CIOC reports to the Oversight Committee (for benchmark-related matters) or to the Board of Directors (and/or General Assembly, as appropriate⁵) for discussion and approval of the measure.

The following types of preventive, mitigating or corrective measures may apply:

- Operational controls, adoption of internal policies;
- Remuneration arrangements;
- Segregation of duties;
- Restricted access to information (ex-ante, ex-post);
- Adoption of policies and procedures;
- Permanent withdrawal from or prohibition of roles / activities.

The Mapping is applied and maintained in accordance with the Conflicts of Interest Procedure.

10. Record and publication of information related to conflicts of interests

All identified potential, actual or perceived conflicts of interests are recorded in a dedicated log.

All identified potential, actual or perceived conflicts of interests are disclosed in the annual report of the CIOC. The report contains an assessment of the overall conflicts of interest management and includes all measures and actions taken by the CIOC, as well as conflicts of interests matters addressed at the Oversight Committee level during the reporting year. The level of provided information must respect the General Data Protection Regulation requirements on disclosing personal data, as defined in EMMI's Privacy Policy.

EMMI publishes or discloses all potential, actual or perceived conflicts of interests to users of the benchmark, to the relevant competent authority and, where appropriate, to Panel Banks, including conflicts of interests arising from the ownership or control of the administrator.

In this regard, EMMI publishes on its website:

- the list of members and associated members of the General Assembly;

⁴ EMMI's Executive Management is composed of the CEO and Deputy CEO. If the conflict of interests involves a Unit Manager, the CIOC reports directly to the CEO and/or Deputy CEO. If the conflict of interests involves the Deputy CEO, the CIOC reports directly to the CEO. If the conflict of interests involves the CEO, the CIOC reports directly to the Board of Directors.

⁵ The General Assembly is involved when the Relevant Person, affected by a situation of potential, actual or perceived conflict of interests, was directly appointed by the General Assembly (e.g. members of the Board of Directors). Where all or the majority of the members of the Board of Directors have a conflict of interests, the matter is submitted to the General Assembly, whose decision is implemented by the Board of Directors.

- the list of members of the Board of Directors, the Audit and Risk Committee and the Nomination Committee with indication of their position/affiliation;
- the list of members of the CIOC with their biographies;
- the list of members of the respective benchmark Oversight Committee with their biographies and their declarations of interests;

In addition, and in line with its Conflicts of Interest Policy, based on the principles of independence, accountability and transparency, EMMI also publishes:

- an extract of the minutes of the respective benchmark Oversight Committee meetings;
- an extract of the annual report of the CIOC including a description of the CIOC's activities, an assessment of the overall conflict of interest management and a specific notice, where the Board of Directors did not follow the CIOC recommendations for the resolution of potential, actual or perceived conflicts of interests.

11. Reporting requirements

EMMI reports annually to its supervisor, the European Securities Markets Authority (ESMA), via a pre-defined template, any changes during the reporting period in the actual, perceived or potential conflicts of interests that were notified to it during the registration process (authorisation).

12. Implementation of the Conflicts of Interest Policy

EMMI's Conflicts of Interest Policy is implemented in accordance with the applicable legal and regulatory requirements and with the Conflicts of Interest Procedure. In the case of a conflict between the Conflicts of Interest Procedure and the local applicable law, the latter prevails.

The CIOC promotes the knowledge of the Conflicts of Interest Policy and Procedure, and supervises their implementation and compliance by the Relevant Persons.

The Relevant Persons as well as parties involved in the determination, publication and dissemination of financial benchmarks must comply with the Conflicts of Interest Policy. Failure to comply may give rise, in addition to the consequences following from the applicable legal and regulatory requirements, to censure or other actions in connection with their relationship with EMMI.

13. Training and Awareness

All Relevant Persons are informed of their obligations in relation with conflicts of interests. EMMI adopts a risk-based approach to compliance awareness that includes activities aimed at ensuring the knowledge and understanding of the principles and processes regarding identification, prevention and management of conflicts of interests as defined in this Policy and in the Conflicts of Interest Procedure. Annual trainings on conflicts of interests are organised in accordance with the Conflicts of Interest Procedure.

14. Periodic Review

This Policy is approved by the Board of Directors upon recommendation from the CIOC. The CIOC reviews this Policy at least every two years in order to ensure its continued effectiveness. Where the Board of Directors decides to change this Policy, it first consults the CIOC on the proposed changes. The Oversight Committee is informed about any changes to this Policy.