

# amLeague Compliance with IOSCO Principles for Financial Benchmarks

## Foreword

The objective of the International Organization of Securities Commission's Principles (IOSCO Principles) for Financial Benchmarks is "to create an overarching framework of Principles for Benchmarks used in financial markets". Because of a broad universe of benchmarks, the principles are voluntarily high level principles aiming at covering risks arising from vulnerabilities in the **benchmarks' methodology, transparency and governance**.

These principles are recommended guidelines that "should be proportional to the size and risks posed by each benchmark and/or Administrator and the Benchmark-setting process."

## Compliance

The document below is the public disclosure of the extent of amLeague compliance with the 19 IOSCO principles. This document will be updated at least once a year.

Geneva, 31 August 2014

## Governance

### **Principle 1: Overall responsibility of the Administrator**

amLeague is the primary responsible for the integrity of all amLeague labelled benchmarks and as such, endorses all stages of benchmark determination :

- Development: definition of amLeague indices and their methodology
- Determination and Dissemination: accurate and timely compilation and publication and distribution of amLeague indices
- Operation: ensuring appropriate transparency over significant decisions affecting the compilation of amLeague indices and any related determination process
- Governance: establishing credible and transparent governance, oversight and accountability procedures for amLeague indices determination process.

### **Principle 2: Oversight of Third Parties**

amLeague maintains oversight on third parties that undertake some activities relating to the benchmark determination process.

- amLeague has appropriate written agreements with third parties
- amLeague monitors the services provided by third parties to ensure their compliance with the amLeague standards
- amLeague has taken reasonable steps to avoid operational risk due to the participation of third parties in the amLeague indices determination process

amLeague keeps the list of third parties and their roles available to Stakeholders and any relevant Regulatory Authority.

### **Principle 3: Conflicts of Interest for Administrators**

amLeague does not issue financial products on its indices nor does it market, trade or clear securities. However its revenue might include license fees on financial products based on amLeague indices.

amLeague has not identified any major conflict of interest arising from its ownership or business relationships.

#### **Principle 4: Control Framework for Administrators**

amLeague has a formalized control framework, tailored to its activities and risks. Among others, it includes controls on conflicts of interests, on integrity and quality of benchmark determination, on whistleblowing mechanism, on expertise of staff.

amLeague keeps a summary of its main features available to Stakeholders and any relevant Regulatory Authority.

#### **Principle 5: Internal Oversight**

The oversight function should be carried out either by a separate committee or other appropriate governance arrangements. Due to its activity and related risks, amLeague has decided to entrust its compliance officer to oversee all stages of the benchmark administration.

### **Quality of Benchmark**

#### **Principle 6: Benchmark Design**

amLeague has set up procedures on the index design in order to ensure that the benchmark is an accurate reliable representation of the economic realities.

The amLeague Control Framework includes internal controls on benchmarks design.

#### **Principle 7: Data Sufficiency**

amLeague has formalized procedures to ensure the quality of data used in the determination of benchmarks.

If appropriate, the amLeague Index Methodology describes the features for each benchmark.

#### **Principle 8: Hierarchy of Data Inputs**

amLeague has established clear guidelines regarding the hierarchy of data inputs and exercise of Expert Judgment.

If appropriate, the amLeague Index Methodology describes the features for each benchmark.

**Principle 9: Transparency of Benchmark Determination**

For each benchmark, the amLeague Index Methodology incorporates a concise explanation to understand how the determination of the index was developed (market size, liquidity, pricing methodology, etc.).

The amLeague indices are mostly calculated with data sourced from regulated markets. If any Expert Judgment intervenes in the process, it would be described in the amLeague Index Methodology.

**Principle 10: Periodic Review**

amLeague reviews index conditions and parameters. A summary of all changes is available at the beginning of the amLeague Index Methodology.

## Quality of Methodology

**Principle 11 : Content of the methodology**

amLeague published its Index Methodology for all amLeague Indices. The amLeague Index Methodology is reviewed periodically so as to ensure it is in compliance with all IOSCO principles.

**Principle 12 : Changes to the methodology**

A summary of all changes is available at the beginning of amLeague Index Methodology.

**Principle 13 : Transition**

amLeague has set up a written procedure to organize transition and/or possible cessation of a Benchmark.

**Principle 14 : Submitter Code of Conduct**

Not applicable: the amLeague indices are mostly calculated with data sourced from regulated markets.

**Principle 15 : Internal Controls over Data Collection**

amLeague collects data from different market data vendors.

The amLeague Control Framework includes internal controls on data collection.

**Accountability**

**Principle 16 : Complaints procedures**

amLeague has established a written complaints procedure by which stakeholders may submit complaints. The procedure is available on [www.am-league.com](http://www.am-league.com)

**Principle 17 : Audits**

Concerned by transparency and reliability, amLeague will conduct an external audit on its compliance with IOSCO principles before its next IOSCO compliance commitment (August 2015).

**Principle 18 : Audit Trail**

amLeague has implemented a procedure on written records that is in compliance with IOSCO principles.

**Principle 19 : Cooperation with Regulatory Authorities**

To date, there is no legal basis in Switzerland to regulate benchmark administrators. Therefore amLeague is not supervised by FINMA or any other regulatory authority.