

# EU Benchmarks Regulation.

For ESMA & FCA compliance

## Preparing for EU benchmark reform

The European Benchmarks Regulation (EBR) applies to administrators, contributors and users of benchmarks. The EBR establishes a common regulatory framework, seeking to ensure benchmarks are produced in a robust and reliable manner, and to minimize conflicts of interest in the benchmark-determination process. The regulation impacts indices across asset class, including fixed income, equity, interest rates, FX and commodities. While the EBR entered into force on June 30, 2016, most provisions came into effect starting January 1, 2018. An initial transition period for existing benchmark providers runs until January 1 2020. Following industry concern, an additional extension was granted until the end of 2021 for critical and third-country benchmarks.

## Impact on benchmark users in the EU

In addition to administrators, the EBR also applies to benchmark users in the EU. Key compliance requirements for users include:

- Benchmark users must ensure that they only use benchmarks that are provided by benchmark administrators included in the ESMA Benchmarks Register (authorized/registered EU administrators or qualifying third country administrators/benchmarks).
- Benchmark users are required to maintain contingency measures setting out the actions that they would take in the event that a benchmark materially changes or ceases to be provided, including, if applicable, designating a fall back.
- Benchmark users must add a disclosure to the relevant product prospectuses, stating whether the benchmark is provided by an administrator included in the ESMA register.

## Onshored FCA UK BMR regime

In the case of BREXIT, the UK will see the carve out of a number of EU regulations including EBR, with the Financial Conduct Authority (FCA) in the UK aiming to replace the existing ESMA EBR register. Bloomberg will cater for new fields and datasets to support firms in their compliance with the future UK FCA equivalent to the EU's EBR requirements.

## How Bloomberg can help with compliance needs

Bloomberg offers a simple and concise mechanism to identify registered and authorized administrators under ESMA, their index families and the universe of indices within each index family with relevant reference data to understand the type of index.

- Golden Data Source for pre-trade compliance, product development, valuation and performance measurement
- Input for Contingency Plans in case benchmarks materially change or cease to be produced: fallback benchmarks
- Single source of data capturing a wide universe of indices across fixed income, equity, FX and commodities
- Daily updates from the ESMA register and changes from benchmark statements on administrator websites
- Delivery via files comprising the complete universe or per security using existing Data License technology with no local IT implementation
- Bloomberg Regulatory Data covered by a Service Organization Control 3 (SOC 3) report from an independent auditor related to information related to our internal controls for security, availability, processing integrity and confidentiality of data.

## Bloomberg for enterprise

To succeed today, financial institutions must respond to challenges that are not addressed by traditional approaches. They require world-class solutions that integrate people, processes, information and technology across the front, middle and back office. Bloomberg partners with these institutions to protect and capitalize on data, manage risk, deliver transparency and control costs. Through enterprise-level expertise and three decades of deep industry experience, Bloomberg creates real value through the use of innovative technology that turns data into a strategic asset and optimizes workflows and operations.

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### Take the next step.

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