

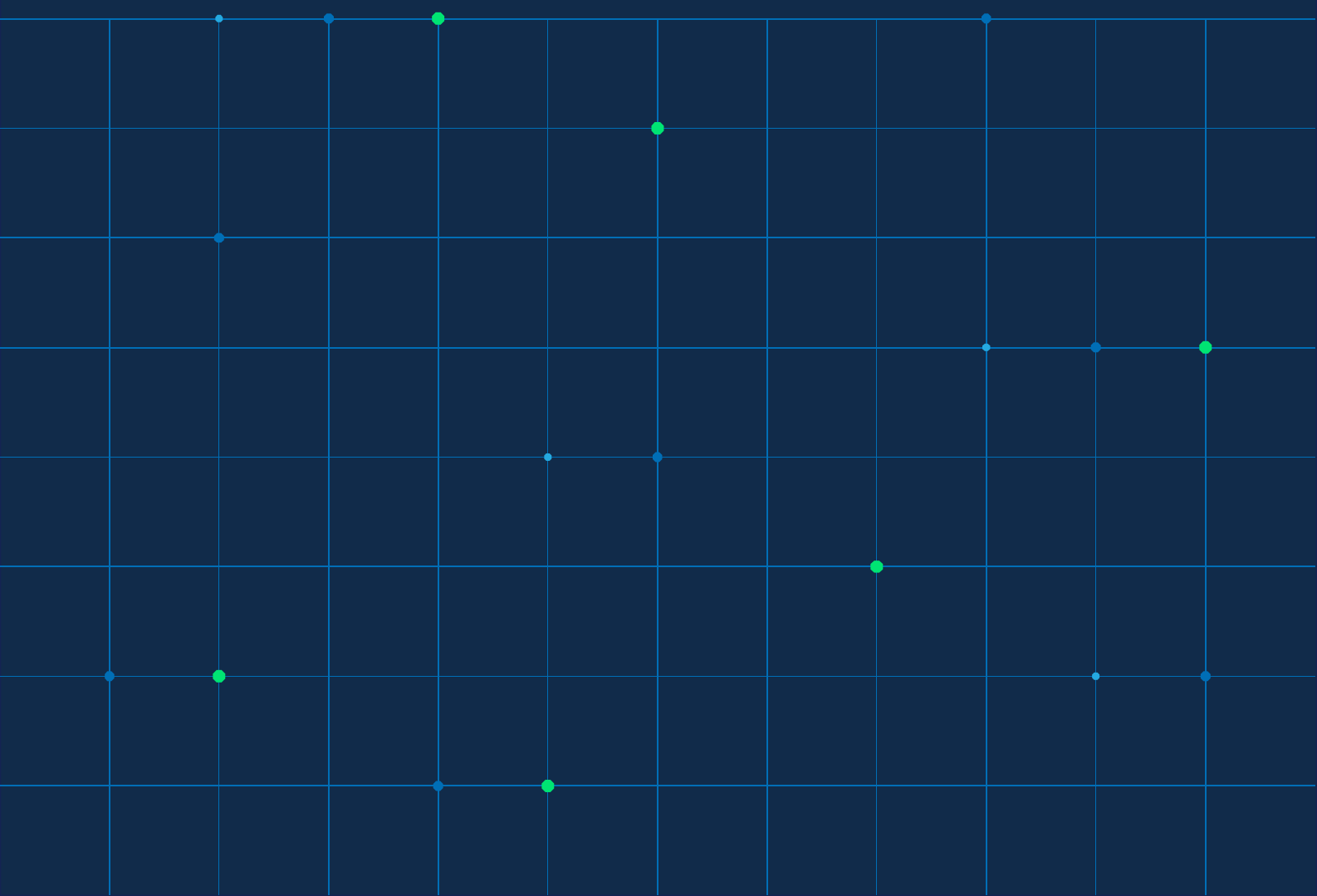
# CME Overnight Repo-Backed Benchmarks

## EU/UK BMR Benchmark Regulation Statement

CME Group Benchmark Administration Limited

Version 1.0

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APPROVAL DATE

16 December 2020

## Introduction

This Benchmark Statement is made by CME Group Benchmark Administration Limited in accordance with the EU Benchmark Regulation (Regulation (EU) 2016/1011) and the EU Regulatory Technical Standard on benchmark statements (Commission Delegated Regulation (EU) 2018/1643).

This Benchmark Statement covers the suite of “CME Overnight Repo Backed Benchmarks”, classified as a “family of benchmarks” under Article 3(1)(4) BMR.

The Benchmark family consists of the RepoFunds Rate Euro (“RFR Euro”), RepoFunds Rate Sterling (“RFR Sterling”) and the JBOND Repo Index Rate.

These Benchmarks are administered and calculated by CME Group Benchmark Administration Limited, registered under the BMR, and authorized and supervised by the UK Financial Conduct Authority.

BMR / RTS	BMR Benchmark Statement requirement	Administrator's statement
<b>Article 27 (1) BMR</b>	<p>Within two weeks of the inclusion of an administrator in the register referred to in Article 36, the administrator shall publish, by means that ensure fair and easy access, a benchmark statement for each benchmark or, where applicable, for each family of benchmarks, that may be used in the Union in accordance with Article 29. Where that administrator begins providing a new benchmark or family of benchmarks that may be used in the Union in accordance with Article 29, the administrator shall publish, within two weeks and by means that ensure a fair and easy access, a benchmark statement for each new benchmark or, where applicable, family of benchmarks. The administrator shall review and, where necessary, update the benchmark statement for each benchmark or family of benchmarks in the event of any changes to the information to be provided under this Article and at least every two years.</p>	<p>In order to facilitate fair and easy access, this Benchmark Statement appears on the Administrator's website.</p> <p>The Administrator shall ensure that this Benchmark Statement is updated in the event of any material changes and no later than every two years.</p>
<p>The Benchmark Statement shall:</p>		
<b>(a)</b>	<p>clearly and unambiguously define the market or economic reality measured by the benchmark and the circumstances in which such measurement may become unreliable;</p>	<p>The Benchmarks measure the cost of funding of sovereign securities denominated in euro, sterling and Japanese yen, and issued by the respective governments.</p> <p>The calculation is based on actual one-day repo trades transacted on trading venues operated by BrokerTec Europe Limited, CME Amsterdam B.V., EuroMTS Limited and JBond Totan Securities Co., Ltd. and relies on sufficient volumes executed on a daily basis.</p> <p>The Benchmarks may become unreliable as a result of insufficient input data (RTS 1(2)(c)) or severe market disruption (RTS 1(3)(c)).</p>
<b>(b)</b>	<p>lay down technical specifications that clearly and unambiguously identify the elements of the calculation of the benchmark in relation to which discretion may be exercised, the criteria applicable to the exercise of such discretion and the position of the persons that can exercise discretion, and how such discretion may be subsequently evaluated;</p>	<p>The Benchmarks are calculated on transactions executed on regulated trading venues and no discretion is exercised by the Administrator in the determination process.</p> <p>Note that the trading venues operated by BrokerTec Europe Limited, CME Amsterdam B.V. and EuroMTS Limited are regulated in accordance with the laws applicable in the UK or EEA, and the JBond Totan Securities Co., Ltd. trading</p>

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		venue is regulated in accordance with the laws of Japan.
(c)	provide notice of the possibility that factors, including external factors beyond the control of the administrator, may necessitate changes to, or the cessation of, the benchmark; and	<p>There is the possibility that factors, including external factors beyond the control of the Administrator, may necessitate changes to, or the cessation of, the Benchmarks.</p> <p>Where material changes to or the cessation of the Benchmarks become necessary, the Administrator will engage stakeholders and users by way of a public consultation.</p> <p>All changes are reviewed and approved by the Oversight Committee.</p>
(d)	advise users that changes to, or the cessation of, the benchmark may have an impact upon the financial contracts and financial instruments that reference the benchmark or the measurement of the performance of investment funds.	<p>Changes to, or the cessation of, the Benchmarks may have an impact upon the financial contracts and financial instruments that reference the benchmark or the measurement of the performance of investment funds.</p> <p>The Administrator advises users of the Benchmarks to regularly assess whether it remains appropriate, suitable and fit for purpose. Users should develop contingency provisions and fall-back plans in the event of the benchmark becoming unavailable.</p>
<b>Article 27(2) BMR</b>	A benchmark statement shall contain at least:	
(a)	the definitions for all key terms relating to the benchmark;	See the Appendix for definitions used in this Benchmark Statement.
(b)	the rationale for adopting the benchmark methodology and procedures for the review and approval of the methodology;	<p>The aim of the Benchmarks is to provide a reference rate for one-day secured repo funding executed in a subset of Eurozone countries, the United Kingdom and Japan.</p> <p>The Administrator regularly reviews the methodology to ensure that the Benchmarks remain representative of the economic reality intended to be represented.</p> <p>Amendments to the methodology are proposed by the Administrator,</p>

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		after wide consultation with the relevant stakeholders, and approved by the Oversight Committee.
(c)	The criteria and procedures used to determine the benchmark, including a description of the input data, the priority given to different types of input data, the minimum data needed to determine a benchmark, the use of any models or methods of extrapolation and any procedure for rebalancing the constituents of a benchmark's index;	<p>The calculation is based on actual one-day repo transactions executed on trading venues operated by BrokerTec Europe Limited, CME Amsterdam B.V., EuroMTS Limited and JBond Totan Securities Co., Ltd.</p> <p>Input data are one-day repo trades transacted Overnight, Tom-Next and Spot-Next.</p>
(d)	the controls and rules that govern any exercise of judgement or discretion by the administrator or any contributors, to ensure consistency in the use of such judgement or discretion;	N/A – The methodology does not include the use of judgement or discretion in the benchmark determination process.
(e)	the procedures which govern the determination of the benchmark in periods of stress or periods where transaction data sources may be insufficient, inaccurate or unreliable and the potential limitations of the benchmark in such periods;	<p>The methodology includes contingency measures to deal with determination of the Benchmarks in periods of stress or periods where transaction data sources may be insufficient, inaccurate or unreliable.</p> <p>In a circumstance where there is a complete lack of trading activity, the Benchmarks will not be published.</p>
(f)	the procedures for dealing with errors in input data or in the determination of the benchmark, including when a redetermination of the benchmark is required; and	The Administrator has in place operating procedures to ensure the integrity of input data and prompt correction of calculation errors, including re-publication of the Benchmark. These are facilitated through Chicago Mercantile Exchange Inc., who acts as calculation agent to the Administrator for the Benchmarks.
(g)	the identification of potential limitations of the benchmark, including its operation in illiquid or fragmented markets and the possible concentration of inputs.	<p>The methodology relies solely on transactions executed on regulated trading venues, active in the relevant markets. The Administrator continuously monitors transactional volumes and reports back to the Oversight Committee on a quarterly basis to assess whether the input data have sufficient liquidity and diversification.</p> <p>The trading venues where repo transactions are executed, are major players in their respective markets,</p>

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		<p>therefore are able to capture a significant share of qualifying transactions. Each trading venue has a distinctive regional coverage, that ensures a robust representativeness of the underlying markets.</p> <p>Trading volumes executed on the above-mentioned venues are regularly reported to the Oversight Committee and have historically proven to be largely sufficient to support a robust benchmark calculation.</p> <p>The Methodology allows for the Benchmarks to be produced as long as there is at least 1 (one) qualifying trade, or the previous day Benchmark value would be re-used.</p>
<b>RTS 1(1)</b>	The benchmark statement shall state:	
<b>(a)</b>	the date of publication of the statement and, where applicable, the date of its last update;	Please see the beginning of this document for the date of publication and last update.
<b>(b)</b>	where available, the international securities identification number (ISIN) of the benchmark or benchmarks; alternatively, for a family of benchmarks, the statement may provide details of where the ISINs are publicly accessible free of charge;	Not applicable to these Benchmarks
<b>(c)</b>	whether the benchmark, or any benchmark in the family of benchmarks, is determined using contributions of input data;	<p>These Benchmarks are calculated using executed trades input data, sourced directly from the regulated trading venues operated by BrokerTec Europe Limited, CME Amsterdam B.V., EuroMTS Limited and JBond Totan Securities Co., Ltd..</p> <p>The Benchmarks are not determined using contributions of input data.</p>
<b>(d)</b>	whether the benchmark or any benchmark in the family of benchmarks qualifies as one of the types of benchmarks listed under Title III of Regulation (EU) 2016/1011, including the specific provision by virtue of which the benchmark qualifies as that type.	<p>All input data is transaction data contributed entirely and directly from an MTF, MiFID Regulated Market or similar trading venue.</p> <p>Hence, the Benchmarks are classified as Regulated Data Benchmarks.</p>

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<b>RTS 1(2)</b>	In defining the market or economic reality, the benchmark statement shall include at least the following information:	
<b>(a)</b>	a general description of the market or economic reality;	The Benchmarks measure the cost of one-day secured funding of sovereign securities issued in a subset of Eurozone countries, the United Kingdom and Japan and denominated in their respective domestic currencies.
<b>(b)</b>	the geographical boundaries, if any, of the market or economic reality;	<p>RFR Euro measures the individual overnight cost of secured funding of sovereign bonds issued by a subset of 10 (ten) Eurozone countries.</p> <p>Those ten countries are also aggregated to measure a Eurozone-wide cost of funding. The ten selected countries represent the vast majority of sovereign debt issued in the region.</p> <p>The RFR Sterling and the JBOND Repo Index Rate reflect the one-day cost of secured funding of their respective sovereign securities (United Kingdom and Japan), denominated in their domestic currency.</p> <p>The inputs are trades executed on regulated trading venues, regardless of the domicile of the trading participants on those venues.</p>
<b>(c)</b>	<p>any other information that the administrator reasonably considers to be relevant or useful to help users or potential users of the benchmark to understand the relevant features of the market or economic reality, including at least the following elements insofar as reliable data on these elements is available:</p> <p>(i) information on actual or potential participants in the market;</p> <p>(ii) an indication of the size of the market or economic reality.</p>	<p>The calculation of the Benchmarks relies on one-day repo trades executed on the relevant trading venues.</p> <p>As of June 2020, the combined annual volume is in excess of \$280trn USD equivalent, representing over 6.8mln trades (average trade \$42mln USD equivalent).</p>
<b>RTS 1(3)</b>	In defining the potential limitations of the benchmark and the circumstances in which the measurement of the market or economic reality may become unreliable, the benchmark statement shall include at least:	



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(a)	a description of the circumstances in which the administrator would lack sufficient input data to determine the benchmark in accordance with the methodology.	In accordance with the methodology, the Benchmarks would not be calculated or published if there were no eligible trades available on a given day.
(b)	where relevant, a description of instances when the accuracy and reliability of the methodology used for determining the benchmark can no longer be ensured, such as when the administrator deems the liquidity in the underlying market as insufficient;	<p>The accuracy and reliability of the Benchmarks could no longer be ensured in the event of continued insufficient liquidity in the underlying repo markets.</p> <p>To that extent, the Administrator regularly monitors transacted volumes for each specific Benchmark and reports to the Oversight Committee any concern regarding the liquidity of the underlying markets.</p>
(c)	any other information that the administrator reasonably considers to be relevant or useful to help users and potential users to understand the circumstances in which the measurement of the market or economic reality may become unreliable, including a description of what might constitute an exceptional market event.	The Benchmarks rely on the regular functioning of the underlying repo markets; reliable representation of underlying markets could be severely affected if repo markets were not operating or the trading venues where transactions are executed experience severe disruptions or regulatory limitations to their normal functioning.
RTS 1(4)	In specifying the controls and rules that govern any exercise of judgement or discretion by the administrator or any contributors in calculating the benchmark or benchmarks, the benchmark statement shall include an outline of each step of the process for any ex post evaluation of the use of discretion, together with a clear indication of the position of any person(s) responsible for carrying out the evaluations.	The Benchmarks do not include discretion or expert judgement at any step of their determination process.
RTS 1(5)	In specifying the procedures for review of the methodology, the benchmark statement shall at least outline the procedures for public consultation on any material changes to the methodology.	<p>The methodology provides that the Administrator will consult with stakeholders on material changes to the methodology.</p> <p>Consultation will ordinarily consist of publishing of proposals, providing stakeholders with a reasonable time to respond and publishing actions as a result of the consultation.</p> <p>In addition, the Oversight Committee can request the Administrator to</p>

BMR / RTS	BMR Benchmark Statement requirement	Administrator's statement
		consult on any change as appropriate.
<b>RTS 2</b>	In addition to the information to be included pursuant to Article 1, for a regulated-data benchmark or, where applicable, family of regulated-data benchmarks, the benchmark statement shall state at least the following in its description of the input data:	
(a)	the sources of the input data used;	All input data is transaction data contributed entirely and directly from an MTF, MiFID Regulated Market or similar trading venue.
(b)	for each source, the relevant type, as listed in Article 3(1)(24) of Regulation (EU) 2016/1011.	All input data consists of transaction data, sourced directly from regulated trading venues (operated by BrokerTec Europe Limited, CME Amsterdam B.V., EuroMTS Limited and JBond Totan Securities Co., Ltd.).
<b>RTS 3</b>	In addition to the information to be included pursuant to Article 1, for an interest rate benchmark or, where applicable, family of interest rate benchmarks, the benchmark statement shall include at least the following information:	
(a)	a reference alerting users to the additional regulatory regime applicable to interest rate benchmarks under Annex I to Regulation (EU) 2016/1011;	N/A – Benchmark determination is based on transaction data sourced from regulated trading venues.
(b)	a description of the arrangements that have been put in place to comply with that Annex.	N/A – Benchmark determination is based on transaction data sourced from regulated trading venues.
<b>RTS 4</b>	In addition to the information to be included pursuant to Article 1, for a commodity benchmark or, where applicable, family of commodity benchmarks, the benchmark statement shall at least:	
(a)	indicate whether the requirements of Title II of, or Annex II to, Regulation (EU) 2016/1011 apply to the benchmark, or family of benchmarks as prescribed by Article 19 of that Regulation;	N/A – Not a commodity benchmark
(b)	include an explanation as to why Title II of or, as the case may be, Annex II to that Regulation applies;	N/A – Not a commodity benchmark
(c)	include in the definitions of key terms a concise description of the criteria that define the relevant underlying physical commodity;	N/A – Not a commodity benchmark
(d)	where applicable, indicate where the explanations are published that the administrator is required to publish under paragraph 7 of Annex II to that Regulation.	N/A – Not a commodity benchmark
<b>RTS 5</b>	In addition to the information to be included pursuant to Article 1, for a critical benchmark, or, where applicable, a family of benchmarks that contains at least one critical benchmark, the benchmark statement shall include at least the following information:	
(a)	a reference alerting users to the enhanced regulatory regime applicable to critical benchmarks under Regulation (EU) 2016/1011;	N/A – Not a critical benchmark
(b)	a statement indicating how users will be informed of any delay in the publication of the benchmark or of any re-de-	N/A – Not a critical benchmark

BMR / RTS	BMR Benchmark Statement requirement	Administrator's statement
	termination of the benchmark and indicating the (expected) duration of measures.	
<b>RTS 6</b>	In addition to the cases referred to in the third subparagraph of Article 27(1) of Regulation (EU) 2016/1011, an update of the benchmark statement shall be required whenever the information contained in the statement ceases to be correct or sufficiently precise, and including in any event in the following cases:	
<b>(a)</b>	whenever there is a change in the type of the benchmark;	This Benchmark Statement shall be updated where information contained within it ceases to be correct or sufficiently precise, including where there is a change to the type of input data.
<b>(b)</b>	whenever there is a material change in the methodology used for determining the benchmark or, if the benchmark statement is for a family of benchmarks, in the methodology used for determining any benchmark within the family of benchmarks.	This Benchmark Statement shall be updated where there is a material change in the methodology used for determining the Benchmarks.

## 1. Appendix I – Key Terms & Definitions

Capitalised terms used in this Benchmark Statement that are not otherwise defined have the meaning set out below:

TERM	DESCRIPTION
<b>Administrator</b>	CME Group Benchmark Administration Limited
<b>BMR</b>	EU Benchmark Regulation (Regulation (EU) 2016/1011)
<b>MiFID</b>	Directive 2014/65/EU (MiFID II)
<b>MTF</b>	Multilateral Trading Facility, as defined under MiFID
<b>RTS</b>	Regulatory Technical Standard - BMR Commission Delegated Regulation (EU) 2018/1643

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