

# **Conflict of Interest Framework around Benchmark Administration**

## **Summary**

**In respect of all benchmarks administered by Credit Suisse International**

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In compliance with Article 4.5 of the EU Benchmarks Regulation, Credit Suisse International (“**CSI**”) makes the following public disclosure of all existing or potential conflicts of interest to users of CSI’s benchmarks.

Potential conflicts of interest may materialise during the course of CSI acting as benchmark administrator and its related processes when there are competing obligations or incentives.

For example, potential conflicts of interest may arise in the following scenarios:

- Where CSI’s role as benchmark administrator may result in divergent incentives and interests from trading desks or businesses within the Credit Suisse Group (“**CS**”) who are users of CSI administered benchmarks.
- Where the structure of internal CS functions, also involved directly or indirectly in the provision of CSI administered benchmarks, may not allow better duty segregation.
- From third parties (e.g. scoring, weighting, rating and/or rebalancing agents) and outsourced service providers, where the third party may simultaneously also be an investor in referenced benchmarks.
- Where members of CSI’s Benchmark Governance Committee (“**BGC**”) whose broader role within CS may be conflicted (in fact or in appearance) when carrying out their role as a member of a committee.
- When CSI exercises discretion or expert judgement during a benchmark determination process.

The following types of controls have been implemented within CSI to manage and/or mitigate benchmark-specific potential conflicts of interest:

- **Information Barrier Controls:** Where necessary, controlling and preventing the flow and exchange of information between functions that are directly or indirectly involved in the index/benchmark determination process. For example, information presented at the BGC meeting is classified as confidential and is only shared on a strict "Need to Know" basis. In addition, any applicable IT infrastructure access is appropriately managed and restricted.
- **Remuneration Structure:** The determination of discretionary variable incentive awards to employees of the benchmark business within CSI is subject to a broad range of quantitative and qualitative criteria – with particular emphasis on an individual’s performance and conduct, including behaviour ratings covering standards related to ethics, risk and control (i.e. compliance, legal, operational and reputational risks).
- **Segregation of Duties:** Appropriate segregations of functions are in place between trading, structuring and other functions involved in the provision of CSI administered benchmarks. No internal function or individual has simultaneous or sequential involvement in separate tasks or procedures in the benchmark determination process. Members of the BGC must have a minimum level of seniority and experience. The majority of CSI benchmarks do not rely on internally sourced data; however, occasions where we have to use internal data sources are subject to heightened scrutiny to ensure integrity, in accordance with CSI’s internal policies and benchmark governance processes.
- **Disclosure of Conflicts of Interest:** Members of the BGC are required to disclose potential or actual conflicts of interest prior to any relevant committee meetings and such disclosures are logged as part of the meeting minutes. Any new conflicts which are disclosed are recorded in a Conflicts of Interest Register with appropriate mitigation identified and any subsequent remediation steps.
- **Contractual Arrangements and Service Level Agreements:** Arrangements and SLAs with third parties and outsourced service providers include specific clauses requiring such third parties and service providers to identify, manage and mitigate actual or potential conflicts of interest that may arise from these respective contractual relationships with CSI. All third parties are subject to

risk assessments and approval by the BGC before being onboarded, as well as ongoing monitoring.

- Restrictions and Guidelines for use of Expert Judgement and Discretion: The use of expert judgement and discretion is limited to exceptional market events and disruption events. Any necessary use of discretion or expert judgment is subject to BGC approval.
- Oversight and Supervision: Appropriate governance, supervision and annual reviews with respect to conflicts of interest are undertaken by the BGC, which includes representation from control functions with veto memberships. This committee is responsible for ensuring the identification, disclosure, prevention, management, remediation, mitigation and recording of new conflicts of interest in the Conflicts of Interest Register. The BGC is subject to challenge from an independent oversight function, as required under Article 5 of the EU Benchmarks Regulation.