

# Compliance Statement

Administrator:

**Euronext Lisbon**

Full name: Euronext Lisbon – SGMR, SA

Relevant National Competent Authority:  
CMVM



## Version notes

latest version February 2020

<u>Version</u>	<u>Version notes</u>
April 2019	Initial version
February 2020	Updated version including all new indices since initial version.

Note: addition of indices does not lead to a new version of this statement. The lists will be kept up to date. The most recent update of the list was issued 09-Jun-2020. Only changes in significant indices and cessations of indices are marked as new version of the Compliance statement.

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## 1. INTRODUCTION

Compliance statement under Article 25 (7) of Regulation (EU) 2016/1011

Euronext NV operates via its wholly owned subsidiaries Euronext Amsterdam N.V (Euronext Amsterdam), Euronext Brussels S.A/N.V (Euronext Brussels), Euronext Lisbon – SGMR, SA (Euronext Lisbon), Euronext Paris S.A (Euronext Paris) and The Irish Stock Exchange plc (Euronext Dublin) (collectively the “Benchmark Administrators” and individually the “Administrator”) a leading benchmark and strategy index franchise that measures different segments of the Euronext and other global markets, including AEX®, BEL 20®, CAC 40®, ISEQ® and PSI 20®. Euronext has a long standing major interest in the management of benchmarks and indexes.

### Overview of Documents relating to Euronext Indices

The following documents should be read in conjunction with this document or provide other relevant information for the reader:

- Benchmark Statement
- Compliance Statement
- Governance Euronext Indices
- Rulebook of each Family Of Indices
- Procedures Euronext Indices
- Rules Of Procedure Independent Supervisors
- Benchmark Oversight Committee Charter
- List of Indices

All of these documents are available on or via the following link:

<https://live.euronext.com/products-indices/index-rules>

#### **BENCHMARK STATEMENT**

The Benchmark Statement identifies the primary features of an index family or families of indices in the context of the EU Benchmark regulation.

#### **COMPLIANCE STATEMENT**

The Compliance Statement provides details, for both significant and non-significant benchmarks, which provisions the administrator has chosen not to apply, and offers an explanation as to why it is appropriate not to apply each provision.

**RULEBOOK OF EACH FAMILY OF INDICES**

Each index is part of an index family that shares the basis for selection (universe) and which is managed in a comparable way. A separate rulebook is provided for each index family that will describe the specific features of that index family as well as specific elements of each index within that family.

The rulebooks include also the methodology section which includes all aspects that apply for the

- periodical reviews,
- the calculation, and
- treatment of corporate actions.

**PROCEDURES**

The procedures describe the various policies that are applied in various situations for all Euronext Indices:

- Correction Policy
- Announcement Policy
- Complaints Procedure
- Consultations Procedure
- Procedure for Cessation of Indices

**RULES OF PROCEDURE INDEPENDENT SUPERVISORS**

For each Independent Supervisor Euronext publishes a 'Rule of Procedure' that describes the responsibilities and composition of each Independent Supervisor.

**BENCHMARK OVERSIGHT COMMITTEE CHARTER**

The Benchmark Oversight Committee Charter describes the role and responsibilities of the Benchmark Oversight Committee.

**LIST OF INDICES PER BENCHMARK FAMILY**

An overview of all indices provided by Euronext Indices with identification of their respective administrator and regulator. The list provides all reference information, identifies the status of each benchmark and contains links to the relevant index family rulebooks.

## 2. Significant Benchmarks

*The following section includes:*

- The significant benchmark in respect of which provisions do not apply,
- The provision that the administrator has chosen not to apply, and
- An explanation as to why it is appropriate not to apply each provision.

*Each section should be completed for any identified group of significant benchmarks provided by the administrator in respect of which:*

- The same provisions are not complied with, and
- The same explanations for non-compliance apply.

*Euronext Lisbon chooses not to apply the following provisions of Regulation (EU) 2016/1011 with respect to its significant benchmarks listed in Chapter 4.*

The benchmark statement(s) and relevant Rule books are published here:

<https://live.euronext.com/products-indices/index-rules>

### Article 4 (2):

The provision of a benchmark shall be operationally separated from any part of an administrator's business that may create an actual or potential conflict of interest.

Positioning of Euronext benchmark business in the Euronext group

1. Euronext management might be involved in index management as well as in other departments, such as the Listing department.
2. The Independent Supervisor is chaired by a Euronext representative i.e. the country relevant CEO.

Rationale for exemption foreseen in BMR provision 25

With respect of the potential conflicts of interest that might arise, mitigation means are implemented.

1. The Benchmark Oversight Committee (BOC) implemented an approach whereby any problematic matters identified are addressed urgently outside the periodic review cycle of indices
2. The existing decision process to admit or exclude components of the main indices is carried out by the Independent Supervisor which voting members are not employed by Euronext or its affiliates.
3. Managing Board members are excluded from the voting process of the Independent Supervisor.
4. The publicly available Rules of procedure for the Independent Supervisor Committee include the following section:
  - a. Members of the Independent Supervisor shall avoid any conflicts of interest between the work related to Euronext's indices and their own direct or indirect personal or material interests. Each member shall immediately report any potential or actual conflict of interest to Euronext.

- b. In cases where Euronext establishes that a potential or actual conflict of interest exists, it may take appropriate action against the relevant Independent Supervisor member(s), including but not limited to restriction of voting rights, suspension or dismissal.
  - c. Independent Supervisor Committee's minutes shall record reported conflicts of interest and related actions or measures.
5. The recruiting process of new external members of the Independent Supervisor includes a training session with Compliance and upfront reporting of potential conflicts.
6. Rules for attendees to the Independent Supervisor meetings: Guests/Experts:
7. Guests/Experts invited to the Independent Supervisor Committee have no advocacy role for issuers and shall refrain to suggest directly or indirectly arbitrage between issuers.
8. Embargo period: Guests/Experts shall not discuss with Independent Supervisor's members during the 5 days prior to the meeting.
9. Embargo period for issuers: Chairmen, guests and experts shall not take any position regarding Index topic nor give any suggestion or supplementary information to issuers on an on-going basis and must refrain to discuss Index topics with issuers during 5 days prior to the meeting.
10. Segregation of operational teams: Operational teams that manage the Benchmark do not report to the Listing head and are bound by the confidentiality principle enforced across the Group "need to know principle". 'Need to know principle' means that topics concerning indices and issuers cases shall be kept by employees and concerned teams and not be discussed with other employees or third parties.
11. Index Operations manages the day-to-day of the index and prepares the decisions of the Independent Supervisor Committee. This team belongs to Market Surveillance division and Index design team belongs to the Global sales division.

### 3. Non-Significant Benchmarks

*The following section includes:*

- The non-significant benchmark in respect of which provisions do not apply,
- The provision that the administrator has chosen not to apply, and
- An explanation as to why it is appropriate not to apply each provision.

*Each section should be completed for any identified group of non-significant benchmarks provided by the administrator in respect of which:*

- The same provisions are not complied with, and
- The same explanations for non-compliance apply.

*Euronext Lisbon chooses not to apply the following provisions of Regulation (EU) 2016/1011 with respect to its non-significant benchmarks listed in Chapter 4.*

The benchmark statement(s) and relevant Rule books are published here:

<https://live.euronext.com/products-indices/index-rules>

#### **Article 4 (2):**

The provision of a benchmark shall be operationally separated from any part of an administrator's business that may create an actual or potential conflict of interest.

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- a. Members of the Independent Supervisor shall avoid any conflicts of interest between the work related to Euronext's indices and their own direct or indirect personal or material interests. Each member shall immediately report any potential or actual conflict of interest to Euronext.
- b. In cases where Euronext establishes that a potential or actual conflict of interest exists, it may take appropriate action against the relevant Independent Supervisor member(s), including but not limited to restriction of voting rights, suspension or dismissal.
- c. Independent Supervisor Committee's minutes shall record reported conflicts of interest and related actions or measures.

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#### **Article 4 (8):**

"An administrator shall establish specific internal control procedures to ensure the integrity and reliability of the employee or person determining the benchmark, including at least internal sign-off by management before the dissemination of the benchmark."

Rationale for Article 4 (8):

Sign-off before the dissemination by management is part of the responsibilities by the Management Body for all significant benchmarks. The sign-off before dissemination of non-significant benchmarks is

performed by the associated Independent Supervisor if one exists.

If there is no independent Supervisor, the head of Index Design is responsible for the sign-off before dissemination.

### **Article 5 (3) (a) to (b):**

5 (3): “The oversight function shall operate with integrity and shall have the following responsibilities, which shall be adjusted by the administrator based on the complexity, use and vulnerability of the benchmark:

(a) reviewing the benchmark's definition and methodology at least annually;

(b) overseeing any changes to the benchmark methodology and being able to request the administrator to consult on such changes;

Rationale Article 5 (3) (a) to (b):

5 (3) (a) Non-significant Benchmarks with known AUM are reviewed at a minimum each year.

In addition, for non-significant benchmarks of which the known AUM is zero (0), the Oversight committee implemented a risk based approach to ensure that any problematic matters are addressed in a timely manner whilst allowing all such benchmarks to be reviewed periodically.

This approach is based on the following reasons:

the non-significant benchmarks are not vulnerable to manipulation as they are based on publicly available data which do not use any contributed data.

The complexity of the provision of the benchmark is measured as low, as Euronext does not use any contributed data. Euronext uses transaction data for all equity price indices. Number of unique sources of input data is limited to two (OPTIQ and Thomson Reuters). Euronext has sufficient technical means to process the input data continuously and robustly.

5 (3) (b) overseeing any changes in the benchmark methodology: as the Oversight function oversees material changes.

### **Article 13 (2)(a) and (b)**

An administrator shall develop, operate and administer the benchmark and methodology transparently. To that end, the administrator shall publish or make available the following information:

2. The procedures required under point (c) of paragraph 1 shall provide for:

(a) advance notice, with a clear time frame, that gives the opportunity to analyze and comment upon the impact of such proposed material changes; and

(b) the comments referred to in point (a) of this paragraph, and the administrator's response to those comments, to be made accessible after any consultation, except where confidentiality has been requested by the originator of the comments.

## Rationale for Article 13(2)(a) and (b)

Material changes for Non-Significant Benchmarks are announced 2 months in advance. This allows concerned third parties to analyse the proposed changes and if necessary discuss with Euronext the proposed changes. Due to the limited number of products, funds managers and very low or non-existing AUM, Euronext considers that the consultation process described in 13 (2) (2) is not proportionate to the products and AUM related to its non-significant benchmarks.

**Article 14 (2)**

An administrator shall monitor input data and contributors in order to be able to notify the competent authority and provide all relevant information where the administrator suspects that, in relation to a benchmark, any conduct has taken place that may involve manipulation or attempted manipulation of the benchmark, under Regulation (EU) No 596/2014, including collusion to do so.

## Rationale for Article 14(2)

Although Euronext already reports market manipulation to the regulators (MAR) for our own market activity, we do not monitor market manipulation of non-Euronext exchange traded data of which some non-significant benchmarks are based.

## 4. List of Significant and Non-Significant Benchmarks

### Significant indices

Index Family	ISIN Code	Mnemo	Index name
PSI 20	PTING0200002	PSI20	PSI 20
PSI 20	PTING0210001	PSITR	PSI 20 GR
PSI 20	QS0011211180	PSINR	PSI 20 NR

### Non-Significant indices

Index Family	ISIN Code	Mnemo	Index name
PSI 20	PTINO0390005	PTEB	PSI 20 ex Banks
PSI 20	PTINO0410001	PTEBG	PSI 20 ex Banks GR
PSI 20	PTINO0400002	PTEBN	PSI 20 ex Banks NR
PSI All-Share and sector	QS0011224308	BVL	PSI All-Share Index
PSI All-Share and sector	PTING1000005	BVLGR	PSI All-Share Index GR
PSI All-Share and sector	QS0011224993	PTBMP	PSI Basic Materials
PSI All-Share and sector	QS0011016514	PTBM	PSI Basic Materials GR
PSI All-Share and sector	QS0011225016	PTCGP	PSI Consumer Discretionary
PSI All-Share and sector	QS0011016571	PTCG	PSI Consumer Discretionary GR
PSI All-Share and sector	QS0011225024	PTCSP	PSI Consumer Staples
PSI All-Share and sector	QS0011016597	PTCS	PSI Consumer Staples GR
PSI All-Share and sector	QS0011249503	PTOGP	PSI Energy
PSI All-Share and sector	QS0011249495	PTOG	PSI Energy GR
PSI All-Share and sector	QS0011225057	PTFIP	PSI Financials
PSI All-Share and sector	QS0011016662	PTFIN	PSI Financials GR
PSI All-Share and sector	QS0011225008	PTINP	PSI Industrials
PSI All-Share and sector	QS0011016522	PTIN	PSI Industrials GR
PSI All-Share and sector	QS0011225065	PTTEP	PSI Technology
PSI All-Share and sector	QS0011016688	PTTEC	PSI Technology GR
PSI All-Share and sector	QS0011225032	PTTLP	PSI Telecommunications
PSI All-Share and sector	QS0011016621	PTTEL	PSI Telecommunications GR
PSI All-Share and sector	QS0011225040	PTUTP	PSI Utilities
PSI All-Share and sector	QS0011016647	PTUT	PSI Utilities GR
PSI-HD	QS0011115290	PSIHD	PSI High Dividend NR