

Compliance Statement – Euronext Lisbon

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

A. General Information

Item	Text Field
1. Date of creation of the compliance statement and of the latest update	Created: 01/04/2019 Last Updated: N/A
2. Identity of the administrator	Euronext Lisbon – SGMR, SA
3. Relevant National Competent Authority	CMVM
4. Version history	V2: 12 July added PSI 20 ex Banks

B. 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 – SGMR, SA chooses not to apply the following provisions of Regulation (EU) 2016/1011 with respect to its significant benchmarks listed below:

5. Identification of benchmarks for which this section is relevant	<table><tr><th>ISIN code</th><th>Mnemo</th><th>Name</th></tr><tr><td>PTING0200002</td><td>PSI20</td><td>PSI 20</td></tr><tr><td>PTING0210001</td><td>PSIGR</td><td>PSI 20 GR</td></tr><tr><td>QS0011211180</td><td>PSINR</td><td>PSI 20 NR</td></tr></table>	ISIN code	Mnemo	Name	PTING0200002	PSI20	PSI 20	PTING0210001	PSIGR	PSI 20 GR	QS0011211180	PSINR	PSI 20 NR
ISIN code	Mnemo	Name											
PTING0200002	PSI20	PSI 20											
PTING0210001	PSIGR	PSI 20 GR											
QS0011211180	PSINR	PSI 20 NR											
6. Indication as to where the benchmark statement(s) of the benchmark(s) referred to in this section has been published	Euronext Lisbon confirms that the benchmark statement and relevant Rulebooks have been published.												
7. I) clear identification of each single provision; 8. li) for each provision listed under point (i), a dedicated, detailed and clear explanation of the reasons why the administrator considers it appropriate not to comply with that specific provision	<p>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.</p> <p>Positioning of Euronext benchmark business in the Euronext group</p> <ol style="list-style-type: none">1. Euronext management might be involved in index management as well as in other departments, such as the Listing department.2. The Independent Supervisor Committee of the PSI Family is chaired by CEO of the Euronext Lisbon. <p>Rationale for exemption foreseen in BMR provision 25</p> <p>With respect of the potential conflicts of interest that might arise, mitigation means are implemented.</p> <ol style="list-style-type: none">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 Committee (PSI Steering Committee) 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 Committees (Steering Committee) includes the following section:												

	<ul style="list-style-type: none"> 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. <ul style="list-style-type: none"> 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
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	<p>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.</p> <p>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.</p>
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C. Non-Significant benchmarks

The following section(s) included:

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

Euronext Lisbon – SGMR, SA chooses not to apply the following provisions of Regulation (EU) 2016/1011 with respect to its non-significant benchmarks listed below:

9. Identification of benchmarks for which this section is relevant			
Family (as in Rulebook)	ISIN Code	Mnemo	Full name
PSI 20	PTINO0390005	PTEB	PSI 20 ex Banks
PSI 20	PTINO0400002	PTEBN	PSI 20 ex Banks NR
PSI 20	PTINO0410001	PTEBG	PSI 20 ex Banks GR
All-Share and Sector indices	QS0011224308	BVL	PSI All-Share Index
All-Share and Sector indices	PTING1000005	BVLGR	PSI All-Share Index GR
High Dividend indices	QS0011115290	PSIHD	PSI High Dividend NR
All-Share and Sector indices	QS0011224993	PTBMP	PSI Basic Materials
All-Share and Sector indices	QS0011016514	PTBM	PSI Basic Materials GR
All-Share and Sector indices	QS0011225016	PTCGP	PSI Consumer Goods
All-Share and Sector indices	QS0011016571	PTCG	PSI Consumer Goods GR
All-Share and Sector indices	QS0011225024	PTCSP	PSI Consumer Services
All-Share and Sector indices	QS0011016597	PTCS	PSI Consumer Services GR
All-Share and Sector indices	QS0011225057	PTFIP	PSI Financials
All-Share and Sector indices	QS0011016662	PTFIN	PSI Financials GR
All-Share and Sector indices	QS0011249487	PTHCP	PSI Health Care
All-Share and Sector indices	QS0011249479	PTHC	PSI Health Care GR
All-Share and Sector indices	QS0011225008	PTINP	PSI Industrials
All-Share and Sector indices	QS0011016522	PTIN	PSI Industrials GR
All-Share and Sector indices	QS0011249503	PTOGP	PSI Oil & Gas
All-Share and Sector indices	QS0011249495	PTOG	PSI Oil & Gas GR
All-Share and Sector indices	QS0011225065	PTTEP	PSI Technology
All-Share and Sector indices	QS0011016688	PTTEC	PSI Technology GR
All-Share and Sector indices	QS0011225032	PTTLP	PSI Telecommunications
All-Share and Sector indices	QS0011016621	PTTEL	PSI Telecommunications GR
All-Share and Sector indices	QS0011225040	PTUTP	PSI Utilities
All-Share and Sector indices	QS0011016647	PTUT	PSI Utilities GR
10. Indication as to where the benchmark statement(s) of the benchmark(s) referred to in this section has been published		Euronext Lisbon confirms that the benchmark statement and relevant Rulebooks have been published.	
11. I) clear identification of each single provision; 12. Ii) for each provision listed under point (i), a dedicated, detailed and clear explanation of the reasons why the administrator considers it		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	

<p>appropriate not to comply with that specific provision</p>	<ol style="list-style-type: none"> 1. Euronext management might be involved in index management as well as in other departments such as the Listing department. 2. The Independent Supervisor Committee is chaired by the CEO of the Euronext Lisbon. <p>Rationale for exemption foreseen in BMR provision 25</p> <p>With respect of the potential conflicts of interest that might arise, mitigation means are implemented.</p> <ol style="list-style-type: none"> 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 Committee (PSI Steering Committee) 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 Committees (Steering Committee) includes the following section: <ol style="list-style-type: none"> 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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	<ol style="list-style-type: none"> 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 indexes topics 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 <p>Article 4 (8):</p> <p>"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."</p>
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	<p>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.</p> <p>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:</p> <p>(a) reviewing the benchmark's definition and methodology at least annually;</p> <p>(b) overseeing any changes to the benchmark methodology and being able to request the administrator to consult on such changes;</p> <p>Rationale Article 5 (3) (a) to (b): 5 (3) (a) Non-significant Benchmarks with known AUM are reviewed at a minimum each year.</p> <p>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.</p> <p>This approach is based on the following reasons:</p> <p>the non-significant benchmarks are not vulnerable to manipulation as they are based on publicly available data which do not use any contributed data.</p> <p>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.</p>
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	<p>5 (3) (b) overseeing any changes in the benchmark methodology: as the Oversight function oversees material changes.</p> <p>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:</p> <p>2. The procedures required under point (c) of paragraph 1 shall provide for:</p> <p>(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</p> <p>(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.</p> <p>Rationale for Article 13(2)(a) and (b)</p> <p>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.</p> <p>Article 14 (2)</p> <p>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.</p> <p>Rationale for Article 14(2)</p>
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	<p>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.</p>
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Annex 1: Definition

- Index Operations (EMS- CA): Euronext Market Services – Corporate Actions. The Index Operations department is responsible for the daily operations of the Indices including rebalances, quality checks and the validation of all data related to indices.
- Index Design: The Index Design department is responsible for the creation, development, review and interpretation of index methodologies.
- Independent Supervisor: The Independent Supervisor (also known as the Steering Committee) is an external committee that is responsible for the majority of index families (ie. exclude bespoke index products) and in particular approves changes relating to the constituent methodology of them including the rulebook.