

**IOSCO COMPLIANCE STATEMENT**

**J.P. MORGAN SECURITIES PLC**

**J.P. MORGAN SECURITIES LLC**

# IOSCO PRINCIPLES FOR FINANCIAL BENCHMARKS

## COMPLIANCE STATEMENT IN RELATION TO J.P. MORGAN'S INDICES AND STRATEGIES

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and

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(each in its capacity as Administrator for the customised indices specified below, and together, **J.P. Morgan**)

Version 5. Current Effective Date: 29 December 2023

### 1. INTRODUCTION

J.P. Morgan acts as Administrator (within the meaning of the IOSCO Principles) of a number of financial indices which it has identified as **benchmarks** as defined by the International Organisation of Securities Commissions (**IOSCO**) in its Principles for Financial Benchmarks (July 2013) (the **Principles** and each individual IOSCO principle, a **Principle**). This Compliance Statement is current as of the date shown above and relates solely to the index businesses set out in section 1.1 below. It does not apply to any other J.P. Morgan Group activities, including: (i) in relation to widely-used benchmarks which are subject to existing policies (for example, LIBOR); (ii) indices published by J.P. Morgan's research group; or (iii) the Credit Nexus indices operated by the Credit line of business. This Compliance Statement may be replaced by any subsequent Compliance Statement.

The role of J.P. Morgan as Administrator is allocated along business lines as specified in section 1.1 below, and references to the Administrator in this Compliance Statement should be interpreted accordingly, except where reference is made to a specific business line in order to reflect a difference in approach. Each of the businesses has developed a compliance framework for each JPMS Administered Index in its role as the Administrator of such JPMS Administered Index in order to support its compliance with the Principles.

As of the date shown above and subject to the provisions of this Compliance Statement the Administrator will comply with the objectives and functions of the Principles on a proportionate basis in respect of each index or strategy administered by the index businesses and specified under the column "Benchmark" set out in section 1.1 below (each, a **JPMS Administered Index** and collectively, the **JPMS Administered Indices**).

#### 1.1 JPMS Administered Indices

This Compliance Statement applies to the JPMS Administered Indices, as defined in the following table, which: (i) form the basis of, or are referenced by, financial transactions; or

(ii) are used as input data by another JPMS Administered Index which in turn forms the basis of, or is referenced by, a financial transaction entered into by J.P. Morgan Group entities with their clients and counterparties and by clients of third parties which reference such JPMS Administered Index under license from a J.P. Morgan Group entity.

Benchmark	Business Line within the Administrator	Summary	Standards
Non-Allocator Indices	Investable Index Business	The Investable Index Business of J.P. Morgan (the <b>Investable Index Business</b> ) is a global, cross-asset enterprise within the Corporate and Investment Bank ( <b>CIB</b> ) line of business of JPMorgan Chase & Co. (which together with its subsidiaries forms the <b>J.P. Morgan Group</b> ). The Investable Index Business creates and operates proprietary, algorithmic, rules-based investable indices ( <b>Investable Indices</b> ), without the involvement of an index allocator ( <b>Non-Allocator Indices</b> ).	Investable Index Standards
Allocator Indices	Nexus Platform Business and Investable Index Business (as applicable)	The Nexus Platform Business of J.P. Morgan (the <b>Nexus Platform Business</b> ) is a global business within the Equities Sub-Line business of the J.P. Morgan Group operating out of J.P. Morgan Securities plc. The Nexus Platform Business creates and operates proprietary, algorithmic, rules-based customised indices, strategies or baskets, which involve a strategy allocator (each a <b>Nexus Strategy</b> ).  In addition to the Non-Allocator Indices, the Investable Index Business also creates and operates Investable Indices which involve an index allocator. These indices, together with the Nexus Strategies, are the <b>Allocator Indices</b> .	Nexus Platform Standards and Investable Index Standards (as applicable)

## 1.2 Application of the Principles

In each case, the Administrator has applied the Principles in a manner reflecting:

- the size and risks posed by this business;

- the rules-based nature of the JPMS Administered Indices; and
- the nature of the data inputs for the JPMS Administered Indices.

### 1.3 Documents available

Where this Compliance Statement provides that a document is available, the Administrator will, in each case and at a minimum, make the relevant document available on request. Each relevant stakeholder, subscriber or relevant regulatory authority (as applicable) may request the relevant document from their normal contact within:

- the Investable Index Business or by emailing the following address: [Investable.Indices@jpmorgan.com](mailto:Investable.Indices@jpmorgan.com); or
- the Nexus Platform Business or by emailing the following address: [nexus\\_platform@jpmorgan.com](mailto:nexus_platform@jpmorgan.com).

## 2. COMPLIANCE WITH INDIVIDUAL IOSCO PRINCIPLES

As permitted by IOSCO, there are a number of Principles where the Administrator has taken a proportionate view in relation to what is required for it to comply with the Principles. These individual instances are described in more detail below.

This Compliance Statement includes summary information on each Principle. This summary information is included to assist the reader's review of this Compliance Statement. However, this summary information should not be seen as limiting the scope of the Principles.

### (A) Governance

#### 2.1 Principle 1: Overall Responsibility of the Administrator

The Administrator's governance arrangements should ensure the Administrator retains primary responsibility for all aspects of the benchmark determination process, such as the development and determination of a benchmark and establishing credible and transparent governance, oversight and accountability procedures. This Principle makes clear that, regardless of the particular process for benchmark determination and administration, the Administrator must have overall responsibility for the integrity of the benchmark.

**Administrator's assessment:** full compliance, for the reasons explained below.

**Application of proportionality:** no.

The Administrator retains primary responsibility for all aspects of the JPMS Administered Indices determination process. For each JPMS Administered Index, this is accomplished by one or more business heads (each known as a Responsible Business Lead) within the Administrator having ultimate responsibility for the creation and operation of a JPMS Administered Index. For each JPMS Administered Index, a Lead Structurer, being a senior structurer in the Administrator, is also appointed to take responsibility for the creation, operation and day-to-day management of such JPMS Administered Index. From an operational perspective the written rules and procedures for the determination of each JPMS Administered Index, referred to as the methodology, provide the core procedures for the determination of such JPMS Administered Index, including relevant contingency

measures to address disruption in input data or other aspects of the determination process. The Administrator's governance arrangements are intended to achieve transparency in the operation of the JPMS Administered Indices.

## **2.2 Principle 2: Oversight of Third Parties**

The Administrator's governance arrangements should cover appropriate oversight of third parties involved in the benchmark determination process. This Principle requires that any outsourcing of functions should be subject to oversight by the Administrator. The Administrator is exempt from applying this oversight requirement where the third party in question is a regulated market or exchange.

**Administrator's assessment:** full compliance, for the reasons explained below.

**Application of proportionality:** no.

The Administrator maintains appropriate oversight of all third parties involved in the benchmark determination process. Such third parties include, but may not be limited to, publishing agents, calculation agents and data providers for the JPMS Administered Indices. The Administrator's procedures for the oversight of third parties provides for the roles, obligations and standards expected of third parties, together with additional items, including, but not limited to, arrangements for the monitoring of third parties and contingency arrangements in relation to relevant areas of operational risk.

All third parties that are not part of the J.P. Morgan Group are subject to an on-boarding process. The on-boarding process for such third party entities on-boarded on or after the date of the first version of this Compliance Statement will include written arrangements between the Administrator and the third party entity. There are also written arrangements in place between the Administrator and any third party entity that is part of the J.P. Morgan Group.

The Administrator will make available on request to stakeholders and any relevant regulatory authority the identity and roles of such third parties which participate in a JPMS Administered Index determination process.

## **2.3 Principle 3: Conflicts of Interest for Administrators**

The Administrator's governance arrangements should cover the documentation, implementation and enforcement of policies and procedures for the identification, disclosure, management, mitigation or avoidance of conflicts of interest, including the disclosure of any material conflicts of interest to users and any relevant regulatory authority. This framework should be appropriately tailored to the level of existing or potential conflicts of interest identified by the Administrator and should seek to mitigate existing or potential conflicts of interest created by the ownership or control structure or due to other interests arising from the Administrators' staff or wider group in relation to benchmark determinations. This Principle is intended to address issues that conflicts of interest may create for a benchmark.

**Administrator's assessment:** full compliance, for the reasons explained below.

**Application of proportionality:** no.

The J.P. Morgan Group has established and maintains a number of procedures, processes and controls for identifying and managing the conflicts of interest that arise in the course of its business, including the Administrator's business, which cover the requirements of this Principle. These controls include a global Conflicts of Interest Policy which requires the Administrator and employees to identify and manage actual, potential and perceived conflicts of interest, including by overseeing, maintaining and operating effective organisational, procedural and administrative arrangements and controls. Conflicts of interest and potential conflicts of interest (including those arising from the ownership structure or the control of the Administrator) are disclosed or published to users and, on request, will be provided to relevant regulatory authorities.

The Administrator does not believe it is pertinent to segregate its structuring and trading reporting lines on the basis that staff roles are clearly defined and, as described above, appropriate procedures, processes and controls are in place for identifying and managing the conflicts of interest that may arise.

#### **2.4 Principle 4: Control Framework for Administrators**

The Administrator's governance arrangements should provide for an appropriate control framework at the Administrator for the process of determining and distributing the benchmark, which should be appropriately tailored to the materiality of the potential or existing conflicts of interest identified, and to the nature of benchmark inputs and outputs.

The control framework should address conflicts of interest in accordance with Principle 3, the integrity and quality of the benchmark determination, a whistleblowing mechanism and the expertise of the benchmark determination personnel (including training). Where a benchmark is based on submissions, the Administrator should promote the integrity of the inputs by ensuring as far as possible that submitters comprise an appropriately representative group of participants taking into account the underlying elements of the benchmark, employing a system of appropriate measures so that to the extent possible submitters comply with submission guidelines, specifying how frequently submissions should be made, and employing measures to effectively monitor and scrutinise inputs and submissions.

**Administrator's assessment:** full compliance (in the case of the Non-Allocator Indices) and partial compliance (in the case of the Allocator Indices), in each case, for the reasons explained below.

**Application of proportionality:** no (in the case of the Non-Allocator Indices) and yes (in the case of the Allocator Indices), as specified and for the reasons set out below.

The Administrator has implemented a control framework for the process of determining and distributing the JPMS Administered Indices which, subject to the application of proportionality specified above, satisfies the requirements of this Principle. This control framework is contained in the Administrator's relevant Standards (as specified in section 1.1) (the **Standards**) which the Administrator will make available on request to its relevant regulatory authorities, as well as in other documents made available in connection with this Compliance Statement. The Administrator has prepared a summary of the main features of each of the Standards which is available on request to stakeholders.

For all JPMS Administered Indices, the Administrator defines "submissions" as being prices, estimates, values, rates or other information that are provided by a submitter for use by the Administrator in the determination of one or more JPMS Administered Indices

(excluding data sourced, directly or indirectly, from regulated markets or exchanges with mandatory post-trade transparency requirements) and “submitters” as any third party or non-governmental entity from whom the Administrator or a calculation agent receives data, where such third party or non-governmental entity provides the data for the Administrator to use such data in the determination of one or more JPMS Administered Indices.

For the purposes of the Allocator Indices, the Administrator considers strategy constituents and weighting data to fall within the definition of “submissions” set out above. Each Allocator Index relies on submissions from a submitter. All submitters are subject to an on-boarding process or review and as part of that, written arrangements between the Administrator and the submitters (**Allocation Agreements**) are put in place so that appropriate control procedures are adhered to in accordance with the Principles. Each Allocation Agreement specifies how frequently submissions should be or may be made and requires each submitter to provide the relevant submissions for every relevant determination of an Allocator Index. Control procedures are in place to monitor and scrutinise inputs to identify and avoid errors in submissions.

The Administrator in respect of the Allocator Indices is applying proportionality in relation to the requirement to ensure as far as possible that submitters comprise an appropriately representative group of participants. The role of a submitter with respect to each Allocator Index is the selection of underlying constituents and weightings from time to time based on the objectives of the Allocator Index and, in the view of the Administrator, the nature and function of that role does not warrant a representative group of participants.

## **2.5 Principle 5: Internal Oversight**

The Administrator’s governance arrangements should include an oversight function to review and provide challenge on all aspects of the benchmark determination process and provide effective scrutiny of the Administrator. The oversight function should include consideration of the features and intended, expected or known usage of the benchmark and the materiality of existing or potential conflicts of interest identified. A separate committee or other appropriate governance arrangements should carry out the oversight function. Specific requirements apply where a benchmark is based on submissions.

**Administrator’s assessment:** partial compliance, for the reasons explained below.

**Application of proportionality:** yes, as specified and for the reasons set out below.

The Administrator has established governance forums to oversee all aspects of the JPMS Administered Index determination process (the **Forums**). The Forums typically meet on a monthly basis and between their meetings on a day-to-day basis the responsibility of the Forums has been delegated to the relevant Lead Structurer, in conjunction with control function staff within the J.P. Morgan Group. The Administrator has determined that conflicts of interest that may arise within the Administrator are not such as would require an independent oversight function in accordance with this Principle. However, pursuant to local regulatory requirements, solely in respect of JPMS Administered Indices where the Administrator is J.P. Morgan Securities plc, such Administrator has additionally established a benchmark administration oversight forum (the **Oversight Forum**) to oversee all aspects of the provision of such JPMS Administered Indices. Each Forum’s terms of reference setting out all relevant aspects of its procedures have been documented and will be made available on request to relevant regulatory authorities and the main features of these procedures will be made available on request to stakeholders.

In relation to any Allocator Index, each submitter carries out its selection and recomposition based on strategy criteria and objectives in the relevant Allocation Agreement. Each Allocator Index is reviewed at least once every two years to assess the functioning of the methodology and such review provides scrutiny and monitoring of submissions. Results of any periodic review are to be presented to the relevant Forum.

The Administrator is applying proportionality in relation to the requirement for an oversight function with a range of stakeholder representation. This is only required where certain conflicts of interests may arise due to the ownership structure or controlling interests in the Administrator. In the view of the Administrator such conflicts of interest, if any, are not sufficient to warrant such a measure and other conflict of interest management procedures of the Administrator and the J.P. Morgan Group are sufficiently robust. In addition, JPMS Administered Indices are algorithmic indices which operate on the basis of pre-determined rules and rely primarily on widely available input data that is sourced, directly or indirectly, from regulated markets or exchanges.

## **(B) Benchmark Design**

### **2.6 Principle 6: Benchmark Design**

The design of a benchmark should take into account design factors that seek to achieve and result in an accurate and a reliable representation of the economic realities of the underlying reference elements that the benchmark seeks to measure and to eliminate factors that might result in a distortion of the price, rate, index or value of that benchmark.

**Administrator's assessment:** full compliance, for the reasons explained below.

**Application of proportionality:** no.

The Administrator's policies and procedures governing the design of the JPMS Administered Indices require the points referenced in this Principle to be taken into account.

In the view of the Administrator, the generic non-exclusive features set out in paragraphs (c) and (d) of this Principle (which relate to the relative size of the underlying market and the distribution of trading) are satisfied in relation to the JPMS Administered Indices on the basis that they rely primarily on widely available input data sourced, directly or indirectly, from regulated markets or exchanges and in all other cases these features are addressed within the Administrator's JPMS Administered Index design requirements.

### **2.7 Principle 7: Data Sufficiency**

The data used to construct a benchmark determination should be based on prices, rates, indices or values for the constituents of each JPMS Administered Index that has been formed by the competitive forces of supply and demand and are anchored or underpinned by observable transactions entered into as arm's-length transactions between buyers and sellers in the market for the underlying reference elements the benchmark measures. This Principle does not mean that every individual benchmark determination must be constructed solely from transaction data.

**Administrator's assessment:** full compliance, for the reasons explained below.

**Application of proportionality:** no.



Typically data used to compute JPMS Administered Indices is based on prices, rates, indices or values for each constituent of a JPMS Administered Index that directly reflect an active market and, as such, satisfies the Data Sufficiency Principle as set out in Principle 8.

Where this is not the case with respect to a JPMS Administered Index, the data will reflect one or more assessments of relevant market prices or values such as a dealer quote, an executable bid or offer, or a mathematical model output that generates levels based on observed market prices. Where a JPMS Administered Index may reference certain marks or levels generated by a J.P. Morgan Group entity, additional requirements apply.

Some of the data used to inform a JPMS Administered Index's composition may be non-transactional data. The relevant data is typically widely available and details concerning this data are set out in the rules for the particular JPMS Administered Index.

## **2.8 Principle 8: Hierarchy of Data Inputs**

The Administrator should establish and publish or make available clear guidelines regarding the hierarchy of data inputs and the exercise of expert judgement used for the determination of benchmarks. This Principle is intended to enhance the transparency of the manner in which data and expert judgement may be used for the construction of a benchmark. This Principle is not intended to restrict an Administrator's flexibility to use inputs consistent with the Administrator's approach to enhancing the quality, integrity, continuity and reliability of its benchmark determinations.

**Administrator's assessment:** full compliance, for the reasons explained below.

**Application of proportionality:** no.

The Administrator has established and will make available on request in accordance with this Principle clear guidelines regarding the hierarchy of data inputs and the exercise of expert judgement used for the determination of benchmarks.

For each Allocator Index, the relevant Allocation Agreement sets out the basis on which a submitter will determine, from time to time, data for each Allocator Index composition and recomposition. Such data will determine the weighting and identity of the constituents for rebalancing purposes. There is no substitute or fallback reference source for such data and the Administrator believes this is appropriate given the non-restrictive intent of this Principle. No submitter will be providing prices for constituents. The determinations of such data by a submitter will not involve the exercise of discretion in order to extrapolate values, and therefore the Administrator does not view such determinations to constitute expert judgement by the submitter.

## **2.9 Principle 9: Transparency of Benchmark Determinations**

An Administrator should describe and publish with each benchmark determination, to the extent reasonable without delaying the Administrator's publication deadline, (a) a concise explanation of certain details of data considered in a benchmark determination and (b) the extent of expert judgement used, if any. Benchmarks that regularly publish their methodologies would satisfy this Principle when derived from data sourced from regulated markets or exchanges with mandatory post-trade transparency requirements. In addition, a benchmark that is based exclusively on executable quotes as contemplated by Principle

7 would not need to explain in each determination why it has been constructed with executable bids or offers, provided there is disclosure in the methodology.

**Administrator's assessment:** partial compliance, for the reasons explained below.

**Application of proportionality:** yes, as specified and for the reasons set out below.

In relation to (a) above, for the large majority of JPMS Administered Indices the Administrator is fully compliant with this requirement as:

- the input data for determining the price or value of each constituent for these JPMS Administered Indices is sourced, directly or indirectly, from regulated markets or exchanges or is based exclusively on executable quotes; and
- the index rules for each JPMS Administered Index will be published or made available to stakeholders and, upon request, provided to regulatory authorities.

However, for a small minority of the JPMS Administered Indices the Administrator does not comply fully with this requirement because, although widely available, the input data is not sourced, directly or indirectly, from regulated markets or exchanges or is not based exclusively on executable quotes.

In relation to (b) above:

- Non-Allocator Indices and Allocator Indices - it will be considered whether it is appropriate for the Administrator to make available to stakeholders the outcome of any exercise of expert judgement in relation to a determination, taking into account all relevant factors. However, it may not always be appropriate or practical (for example because the Administrator may not be able to identify all stakeholders) to provide this summary. The Administrator has interpreted expert judgement as not including any determination as to a corporate action or other relevant index constituent event.
- Solely in respect of Allocator Indices – in addition to the above, each Allocator Index may rely on determinations of the relevant submitter for the selection and recomposition of the Allocator Index constituents and their weightings. The Administrator does not consider such determinations to be expert judgement by the relevant submitter.

The Administrator is applying proportionality in relation to the above requirements of this Principle for the reasons stated above.

## **2.10 Principle 10: Periodic Review**

The Administrator should periodically review the conditions in the underlying reference elements which the benchmark measures to determine whether the underlying reference elements have undergone structural changes or diminished or ceased to function in a way that might require changes to the design of the methodology. The Administrator should publish or make available a summary of such reviews where material revisions are made to a JPMS Administered Index, including the rationale for the revisions.

**Administrator's assessment:** full compliance, for the reasons explained below.

**Application of proportionality:** no.

The Administrator has implemented policies requiring the JPMS Administered Indices to be reviewed at least once every two years to consider the functioning of the methodology and any changes that may have occurred in the underlying market. In addition the Administrator may undertake any *ad hoc* review of a JPMS Administered Index at any time for any reason which may include stakeholder feedback or a request from a J.P. Morgan Group control function. Each review may result in a range of outcomes, including that no action or change is required in relation to the methodology. The Administrator will make available on request to stakeholders details of any material revisions which have been made to a JPMS Administered Index as a result of a review.

## **(C) Quality of the Methodology**

### **2.11 Principle 11: Content of Methodology**

The methodology of each benchmark needs to be published or made available and the Administrator should provide a rationale for the adoption of each methodology. The published information should allow stakeholders to understand how the benchmark is derived and to assess its representativeness, its relevance to them and its appropriateness as a reference for financial instruments. If a benchmark is based on submissions, criteria for the inclusion and exclusion of submitters should also be included.

**Administrator's assessment:** full compliance, for the reasons explained below.

**Application of proportionality:** no.

The Principles define "Methodology" as the written rules and procedures according to which information is collected and the benchmark is determined. The Administrator treats the methodology for each JPMS Administered Index as comprising an index rules document, which will be published or made available on request to stakeholders, as well as the documents which are available on request in relation to this Compliance Statement. Each such methodology satisfies the disclosure requirements under this Principle and provides sufficient detail to allow the stakeholders to understand how the relevant JPMS Administered Index is derived and to assess its representativeness, its relevance to the stakeholders and its appropriateness as a reference for financial instruments.

The rationale for adopting each methodology is to create a JPMS Administered Index which is to be used for the purposes of the relevant index linked products to be issued by the relevant J.P. Morgan Group entity or by third parties under licence from the J.P. Morgan Group.

In addition to distributed indices, the Administrator JPMS Administered Indices include: (a) indices that are used solely by one investor and which do not form the basis of any other financial transactions; and (b) indices where the name or other identifying information of the JPMS Administered Index is not disclosed to end investors as part of a fund or product offering (**Non-Distributed Indices**).

The Administrator views such Non-Distributed Indices as falling outside the IOSCO definition of a benchmark. However, other than as described in this Compliance Statement, the Administrator has determined it will apply these Principles in a consistent manner to all JPMS Administered Indices.

All submitters are subject to an on-boarding process known as the Know-Your-Allocator (**KYA**) procedure which includes criteria for including and excluding submitters. A summary of such criteria will be made available on request to the relevant regulatory authorities and to stakeholders.

## **2.12 Principle 12: Changes to the Methodology**

Any material changes to a methodology, the rationale for such changes and the procedures for making changes need to be made available or published. This includes defining what amounts to a material change and the method and timing for consultation or notification of the changes to stakeholders (including subscribers) if appropriate.

An Administrator should develop stakeholder consultation procedures for such changes, including scrutiny by the oversight function.

**Administrator's assessment:** partial compliance, for the reasons explained below.

**Application of proportionality:** yes, as specified and for the reasons set out below.

The Administrator will make available on request to stakeholders and any relevant regulatory authority a summary of its procedures for making a material change to its methodology. If changes to the methodology are proposed, a meeting will be convened with a group of representatives of the Administrator to discuss the proposed changes. The group of representatives will consider the proposed changes and in particular will consider whether:

- the proposed changes are material;
- to make available the rationale of any proposed material change to the methodology of a benchmark; and
- the Administrator should consult with, or notify, stakeholders in connection with the proposed changes.

The Forum will also review any amendments to methodologies. The Forum's terms of reference are available on request to relevant regulatory authorities, as discussed in section 2.5 above.

The Administrator is applying proportionality as follows:

- It may not be reasonably practicable or proportionate to make available the rationale or to consult stakeholders when proposing to make changes to methodologies and accordingly procedures for this are not being provided.
- The Administrator will decide at the time of making a change to a methodology what constitutes a material change and the method and timing for consulting (if any) or notifying (if any) subscribers (and other stakeholders where appropriate and practicable, taking into account the breadth and depth of the JPMS Administered Index's use) in relation to changes.

### **2.13 Principle 13: Transition**

The Administrator should develop clear written policies and procedures that address the need for possible cessation of a benchmark, due to market structure change, product definition changes, or any other condition, which makes the benchmark no longer representative of its intended underlying reference assets to which the JPMS Administered Index and the relevant strategy relate. The Administrator should take into account the views of stakeholders and any relevant regulatory and national authorities in determining what policies and procedures are appropriate for a particular benchmark. The Administrator should encourage third parties using the benchmark as a reference in financial products to have robust fall-back provisions in contracts or terms and conditions governing such products.

**Administrator's assessment:** partial compliance, for the reasons explained below.

**Application of proportionality:** yes, as specified and for the reasons set out below.

The Administrator has clear written policies and procedures to address the need for possible termination of a JPMS Administered Index; such policies and procedures in summary form are available on request to all stakeholders and any relevant regulatory authority.

Any termination of a JPMS Administered Index must be approved by a group of representatives of the Administrator, including members of control functions. The list of example factors contained in this Principle are largely not applicable to the JPMS Administered Indices which are customised rule-based indices and it is unlikely there will be alternatives to any JPMS Administered Index which has been terminated. Accordingly such examples do not form part of the Administrator's written policies and procedures.

The Administrator applies proportionality in relation to the requirement to take into account views of stakeholders and regulatory and national authorities in determining transition procedures. Due to the nature of the JPMS Administered Indices and as product providers should address relevant fall-back provisions at the product level, in most cases it may not be reasonably practicable or proportionate to consult stakeholders and such authorities when determining such procedures. Instead, the Administrator will determine transition procedures taking into account the objectives of the Principles.

The Administrator encourages external product providers to address relevant index fall-back provisions at the product level and make investors aware of the possibility that various factors, including external factors beyond the control of the Administrator, might necessitate material changes to a JPMS Administered Index. The J.P. Morgan Group includes these provisions in documentation in relation to its own products linked to JPMS Administered Indices.

### **2.14 Principle 14: Submitter Code of Conduct**

The Administrator should develop and put in place guidelines for submitters, referred to as the Submitter Code of Conduct, which should be made available to relevant regulatory authorities and to stakeholders. Only inputs from submitters adhering to these guidelines should be used by the Administrator and the Administrator should monitor and record adherence. The guidelines should cover the selection of inputs, who acts as a submitter, quality control procedures, the selection of employees submitting inputs, policies about the interim withdrawal of submitters, submission of all relevant data and the submitters'

internal system and controls. The Administrator's oversight function should be responsible for the continuing review and oversight of such guidelines.

**Administrator's assessment:** full compliance, for the reasons explained below.

**Application of proportionality:** no.

Other than as described below, for each Allocator Index created after the date of this Compliance Statement, the Administrator has developed a submitter code of conduct (also known as "Allocator Benchmark Guidelines") which is to be set out in the relevant Allocation Agreement or financial transaction documentation and Supplemental Information Disclosure and which addresses all applicable requirements of this Principle. The Administrator will make reasonable endeavours to ensure that existing allocators of each Allocator Index also adhere to the submitter code of conduct. A copy of this code of conduct will be made available on request to the relevant regulatory authorities and to stakeholders. The Forum is responsible for the continuing review and oversight of such guidelines.

The Administrator must be satisfied that a submitter has adequate internal oversight and verification procedures through its KYA onboarding process.

Where an Allocator Index is a Non-Distributed Index, the Administrator may consider whether to set out in the relevant Allocation Agreement or financial transaction documentation and Supplemental Information Disclosure the submitter code of conduct. If the Administrator determines that it will not require the inclusion of the submitter code of conduct in the applicable documents, it still considers that it remains in full compliance with this Principle as it considers that Non-Distributed Indices fall out-of-scope of the IOSCO definition of benchmarks.

## **2.15 Principle 15: Internal Controls over Data Collection**

The Administrator should have appropriate internal controls over its data collection and transmission processes. Where an Administrator receives Front Office Function data (as defined in the Principles), the Administrator should seek corroborating data from other sources.

**Administrator's assessment:** full compliance, for the reasons explained below.

**Application of proportionality:** no.

Where the operation of a JPMS Administered Index contemplates the collection of data from an external source, the Administrator will institute and maintain appropriate internal controls over the data collection and transmission processes.

Where the Administrator receives data from employees of the Front Office Function, the Administrator requires a source independent from the relevant business to corroborate this data on a regular basis.

## **(D) Accountability**

### **2.16 Principle 16: Complaints Procedures**

The Administrator should establish and publish a user-friendly stakeholder's complaints procedure. The procedure should address how the Administrator will receive and

investigate complaints on a timely and fair basis with independent staff and include a complaints escalation procedure. It should also require records of all complaints to be kept for a minimum of five years subject to applicable national legal and regulatory requirements. This Principle is intended to promote the reliability of benchmark determinations.

**Administrator's assessment:** full compliance, for the reasons explained below.

**Application of proportionality:** no.

The Administrator has established and made available on its website details of its complaint handling:

- Investable Index Business: <https://www.jpmorganindices.com>;
- Nexus Platform Business: <https://www.jpmorgan.com/markets/nexus>

Complaints may be submitted in a variety of ways including, but not limited to, by email. The Administrator will receive and investigate a complaint made about a JPMS Administered Index determination process on a timely and fair basis with personnel who are independent of any personnel who may be or may have been involved in the subject of the complaint, advising the complainant and other relevant parties of the outcome of its investigation within a reasonable period and retaining all records concerning complaints. Each complaint is entered on a complaints register and a report is made to the Forum, which for this purpose the Administrator treats as its governing body. All documents relating to a complaint will be retained for a minimum of five years.

Disputes about a JPMS Administered Index determination, which are not formal complaints, will be resolved by the Administrator by reference to the relevant Standards. If a complaint results in a change in a JPMS Administered Index, the revised level for the JPMS Administered Index will be published and an explanation of the revised determination will be made available on request to subscribers and stakeholders.

## **2.17 Principle 17: Audits**

The Administrator should appoint an independent internal or external auditor with appropriate experience and capability to periodically review and report on the Administrator's adherence to its stated criteria and the requirements of the Principles. The frequency of audits should be proportionate to the size and complexity of the Administrator's operations. Under certain circumstances (i.e., appropriate to the level of existing or potential conflicts of interest identified by the Administrator) an Administrator should appoint an independent external auditor.

**Administrator's assessment:** full compliance, for the reasons explained below.

**Application of proportionality:** no.

An independent internal audit will be carried out, with a frequency and of a type and complexity proportionate to the size and complexity of the Administrator's operations covering the Administrator's adherence to its stated criteria and the Principles. An external audit is not considered appropriate (whether for conflicts of interest or any other reasons) taking into account the criteria of this Principle.

## **2.18 Principle 18: Audit Trail**

The Administrator should retain relevant written records for five years, subject to applicable legal or regulatory requirements. This Principle is intended to safeguard necessary documents for audits. Additional requirements apply for benchmarks based on submissions.

**Administrator's assessment:** full compliance in respect of the Non-Allocator Indices and partial compliance in respect of the Allocator Indices, for the reasons explained below.

**Application of proportionality:** yes, as specified and for the reasons set out below.

The record retention policies of the Administrator are fully compliant with this requirement based on the Administrator's approach that any queries and responses that are of a clarificatory or minor nature relating to data inputs are not subject to the five year written record requirement.

For each Allocator Index, excluding Non-Distributed Indices (as defined in Section 2.11 above), each submitter is required to maintain a record keeping policy in compliance with the Submitter Code of Conduct Principle 14 (see above at section 2.14). However, the Administrator views many of the items in the additional Principle 18 for Submitters as inapplicable given the nature of the business and the submissions, and has therefore applied and implemented this Principle 18 in a manner it believes to be proportionate to the risks posed by Allocator Indices.

## **2.19 Principle 19: Cooperation with Regulatory Authorities**

Relevant documents, audit trails and other documents addressed by these Principles shall be made readily available by the relevant parties to relevant regulatory authorities in carrying out their regulatory or supervisory duties and handed over promptly upon request. This is intended to facilitate a regulatory authority's ability to access information that might be needed to determine the reliability of a given benchmark determination or to access information that might be needed to investigate misconduct.

**Administrator's assessment:** full compliance, for the reasons explained below.

**Application of proportionality:** no.

Where required in accordance with applicable law and regulation, the Administrator shall make all relevant documents readily available to the relevant regulatory authority.