WM/Refinitiv Benchmarks

WM/R is designed to provide independent FX benchmarks which are as at a “point in time” and provide users with transparent and consistent rates which they can trust and use in confidence.

Focusses on two primary objectives:
1. Creating a benchmark which is an accurate representation of the markets
2. Using a robust methodology to protect the integrity of the benchmarks

What is WM/R and what is it used for?
WMR benchmarks originated for use in valuations, performance measurement, & index calculations. As WMR has evolved & improved they are now suitable for a diverse range of financial purposes. WMR does not provide advice on when to use particular benchmark rates but does provide a lot of information to enable users to make an informed choice.

Spot Rate Benchmarks: 155 currencies (25 trade currencies, 130 non-trade currencies) with
An hourly service for 155 currencies, including 4pm ‘closing’ rate & 30-minute service for 25 currencies

Forwards & NDF Benchmarks: 80 forward rates and 11 non-deliverable forward rates (all non-trade), with
an hourly service for 91 currencies, including 4pm ‘closing’ rate and up to 11 tenors (O/N–5Y)
WM/Refinitiv – Benchmark Administration

A comprehensive framework to provide independent scrutiny; governance, regulatory compliance and effective operations

RBSL – Regulated Administrator
- EU & UK Benchmark Regulation Compliance
- FCA – National Competent Authority/Regulator

Benchmark Oversight Committees
- Independent scrutiny over WMR
- Anchored in regulation expectations/obligations

User Groups
- Informal forum & discussion with market participants
- Current and future requirements

Governance
Implementation/management governance framework
- Monitoring of regulatory compliance
- Tracking and implementation of audit findings
- Oversight of product oversight committees

Monitoring and Surveillance
- Investigation of alerts
- Escalation and reporting to oversight committees
- Regulatory reporting/engagement
- Market data analysis and reporting

Benchmark Management
- Strategy, methodology & design
- Commercial strategy
- Regulatory compliance
- Market and user engagement, consultations,
- Customer/User engagement, support, training and education
- New business generation and innovation

Business Operations
- Monitoring of compliance with licensing policies (FRAND)
- Customer support, partner engagement
- Management and oversight of new launches, changes, cessations

Risk Management
- Implementation and monitoring of risk management framework, process and policies
- Performance of risk assessments
- Management of risk register & Risk Committee
- Risk training and awareness
**WM/Refinitiv – Focus Areas 2020**

*User Engagement; Raise Awareness and Knowledge around WMR; Focus on driving greater connection with market participants and users*

**External Liaison**
- Liaison with FX Committees, senior market participants and media – to share information around WM/R

**User Groups**
- Re-establishing working user groups split into APAC and EMEA/Americas
- Participation across buyside and sellside
- Informal forum to discuss all things WM/R – methodology feedback, opinions, requests, requirements, new ideas and covers all WMR
- Recent questions and discussion topics:

<table>
<thead>
<tr>
<th>Calculation Window</th>
<th>Median Calculation</th>
<th>Forwards &amp; NDFs</th>
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| • Should it be longer than 5 minutes? | • Median vs Mean
• Why Median and characteristics
• Hedging impact for sell side
• Data analysis
• Impact of calculation window | • Regulated under EU BMR
• Different to spot rates
• Methodology enhancements
• Data Sourcing & challenges for transaction data |
GBP/USD Average Volatility & Trade Frequency Q1-Q3 broken down by 30-Minute time windows (BST)
Volatility & Trade Frequency over Q1-Q3 during the 15:45-16:15 Time Window (BST)
30-Second Trade Frequencies per Month broken down by 30-Second Windows from 15:40-16:10 (BST)
30-Second Average Volatility per Month broken down by 30-Second Windows from 15:40-16:09 (BST)

30-Second Average Spreads per Month broken down by 30-Second Windows from 15:40-16:09 (BST)
3pm, 4pm and 5pm WMR Benchmark Rates (Mid Values) Comparisons
4pm WMR Benchmark Rates vs Average Trade Price over the 24-Hour Day

4pm WMR Benchmark Rates vs Average Trade Price During the Benchmark Window
WM/Refinitiv – Change Governance & Process

WM/R follows a comprehensive and inclusive methodology change process, which adheres to the expectations under EU BMR and the IOSCO Principles.
Thank you