



Index Administration Services (IAS) FX BENCHMARK STATEMENT

1. General Disclosures	
Benchmark family name	IAS FX
Date of initial publication of this document	9 July 2018
Date of last update to this document	9 July 2018
ISIN (where available)	There are presently no ISINs available or accessible for the benchmarks covered by this Benchmark Statement.
Determination by contributions of input data	No, the administrator does not receive contributions of “input data” (as defined by the BMR) in relation to this family of benchmarks.
Qualification of the benchmark family	Benchmarks within the IAS FX family are administered as “significant” (as defined by the BMR).
2. Key terms relating to the benchmark or family of benchmarks	
General description of the market or economic reality	The IAS FX benchmark family measures the performance of a range of foreign currency pairs or custom investment strategies involving foreign currency pairs. All IAS FX benchmarks are rule-based and documented in the respective index manual, made available to stakeholders upon request. For some of the benchmark family members different generic variants exist (e.g. total or excess return).

Geographical boundaries of the market or economic reality	IAS FX benchmarks measure the performance of one or multiple foreign currency pairs associated with the respective countries or currency union. IAS FX benchmarks may use FX spot rates, FX deliverable forward contracts or FX non-deliverable forward contracts as set out in the respective index manual. Restrictions with respect to onshore or offshore currency trading may apply and impact the tradability of a benchmark.
Other relevant information relating to the market or economic reality	The global FX market is considered the largest financial market and consists of interbank and an over-the-counter market.
3. The potential limitations of the benchmark and the circumstances in which the measurement of the market or economic reality may become unreliable	
Circumstances in which we would lack sufficient input data to determine the benchmark according to the methodology	<p>All IAS FX benchmarks are based on widely used and available fixings. Deliverable forward contracts and non-deliverable forward contracts data are also widely used by market participants.</p> <p>IAS relies on the continued availability of the currency data for the determination of the IAS FX benchmarks. In the case of a market or data source disruption, the administrator will either proceed with or defer the determination of the respective index levels in accordance with the relevant index manual and the Markit Disruption Events Policy.</p>
Circumstances in which the degree of liquidity of the underlying market becomes insufficient to ensure the integrity and reliability of the benchmark determination according to the methodology	<p>Potential liquidity issues may be identified as part of the standard input data validation (e.g. as abnormally long periods of stale price data) or may be identified in the context of market disruptions or brought forward through third part index owners in which case the potential issues are escalated to the IAS Index Administration Committee (IAC).</p> <p>While the FX market represent the largest and most liquid financial market, national legislation or regulation, for example, may impact the availability or liquidity of onshore currencies which may require changes to input data used or the determination methodology.</p>

4. The controls and rules that govern the exercise of judgment or discretion in the calculation of the benchmark or family of benchmarks	
Position of each function or body that may exercise discretion in the calculation of a benchmark and governance thereof	<p>The administrator's indices are rules based and do not typically permit the use of discretion unless there are exceptional circumstances that are not addressed by either the index rules or an administrator policy. Such scenarios may include (but are not limited to):</p> <ul style="list-style-type: none"> - Failure of data providers; - Significant changes to the underlying market; - Complex corporate events; - Action by governmental or regulatory bodies that causes market disruption; - Events beyond human control. <p>In the event that the administrator needs to take action or make a decision that has not been foreseen by the methodology or associated policy, senior members of the administration team will consult with the applicable IAC to arrive at a decision that is consistent with the objective of the index in question and that causes minimal disruption to index stakeholders. Where appropriate, and reasonably practicable, the administrator may consult with stakeholders. In any event the administrator will make all reasonable efforts to ensure stakeholders are aware that discretion or judgement has been used and how.</p>
Ex-post evaluation process	<p>As above, the exercise of judgment or discretion in the calculation of the IAS FX benchmarks would need to be approved by the IAC prior to the publication of any benchmark to ensure that no conflict of interest arises and the benchmark continues to reflect the underlying economic reality. The decision of the IAC would be recorded and notes on the nature of the judgment or discretion that have been exercised would be published or made available to the public. To the extent there is feedback or comment on the use of judgment or discretion, the IAC will review those comments at the earliest opportunity.</p>

5. Review of the methodology and changes to, or cessation of, the benchmark or family of benchmarks

The methodology

The IAS FX benchmark family measures the performance of a range of foreign currency pairs or custom investment strategies involving foreign currency pairs. All IAS FX benchmarks are rule-based and documented in the respective index manual, made available to stakeholders upon request. For some of the benchmark family members different generic variants exist (e.g. total or excess return).

IAS FX benchmarks measure the performance of one or multiple foreign currency pairs associated with the respective countries or currency union. IAS FX benchmarks may use FX spot rates, FX deliverable forward contracts or FX non-deliverable forward contracts as set out in the respective index manual. Restrictions with respect to onshore or offshore currency trading may apply and impact the tradability of a benchmark.

Each IAS FX benchmark or group of IAS FX benchmarks is documented in a corresponding index manual which is made available to stakeholders upon request.

Generally, IAS benchmarks are administered and calculated by IAS on behalf of a third party which retains the intellectual property rights in the index. The initial idea and rationale for a given benchmark methodology is provided to IAS by the relevant third party and undergoes a process of review and approval by the IAS IAC prior to implementation. Any subsequent changes to the determination methodologies or proposed termination of the index are subject to the IAS change management and consultation process.

All benchmark methodologies are assessed prior to their implementation by IAS with respect to their methodological and operational complexity and risks associated with the required data inputs. IAS has put in place policies and procedures applicable to all IAS-administered indices ensuring appropriate level of risk management, error identification resolution, handling of market disruptions, escalation to the IAS IAC, periodic review of the fitness of the benchmarks. Additional benchmark-specific governance and control arrangements may be put in place as deemed appropriate by the IAS IAC. Policies and procedures are documented in the administrator Control Framework.

<p>Possible impacts of changes to, or the cessation of the benchmarks upon the financial contracts, financial instruments that reference the benchmark or the measurement of the performance of investment funds</p>	<p>Generally, IAS will publicly consult on any planned material change or the cessation of an IAS FX benchmark to allow stakeholders to indicate where changes to or the termination of a benchmark are expected to have adverse impacts. IAS will make reasonable efforts to address stakeholder concerns expressed in response to such consultation and to allow for reasonable advance notice for stakeholders in order to unwind existing contracts or instruments or seek an appropriate substitute benchmark. However, there may be circumstances where external factors beyond the control of the administrator could lead to short-term changes to or the termination of an IAS FX index without proper consultation or adequate notice period, e.g. where a continuous disruption of the underlying market or an underlying data point requires a change to the methodology or impacts the viability of a benchmark. This may have a direct impact on investors with positions in financial contracts or financial instruments referencing the benchmark</p>
<p>Additional information</p>	
<p>Additional information</p>	<p>For more information, including to request index specific methodologies, please visit https://ihsmarkit.com/products/index-administration-services.html or contact us support@markit.com.</p>

IMPORTANT:

This Benchmark Statement will be updated whenever the information it provides is no longer correct or sufficiently precise and at least where:

- (a) there is a change in the type of the benchmark;
- (b) there is a material change in the methodology for determining the benchmark or, where the benchmark statement refers to a family of benchmarks, in the methodology for determining any benchmark within the family of benchmarks.

This Benchmark Statement will be updated at least every two years.

ABOUT US

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CONTACT US

For more information, including to request index specific methodologies, please visit <https://ihsmarkit.com/products/index-administration-services.html> or contact us support@markit.com.

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