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| 15 February 2016 |

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| Reply form for the  Discussion Paper on Benchmarks Regulation |
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| Date: 15 February 2016 |

Responding to this paper

The European Securities and Markets Authority (ESMA) invites responses to the specific questions listed in Consultation Paper on the European Single Electronic Format (ESEF), published on the ESMA website.

*Instructions*

Please note that, in order to facilitate the analysis of the large number of responses expected, you are requested to use this file to send your response to ESMA so as to allow us to process it properly. Therefore, ESMA will only be able to consider responses which follow the instructions described below:

* use this form and send your responses in Word format (pdf documents will not be considered except for annexes);
* do not remove the tags of type < ESMA\_QUESTION\_DP\_BMR\_1> - i.e. the response to one question has to be framed by the 2 tags corresponding to the question; and
* if you do not have a response to a question, do not delete it and leave the text “TYPE YOUR TEXT HERE” between the tags.

Responses are most helpful:

* if they respond to the question stated;
* contain a clear rationale, including on any related costs and benefits; and
* describe any alternatives that ESMA should consider

**Naming protocol**

In order to facilitate the handling of stakeholders responses please save your document using the following format:

ESMA\_DP\_BMR \_NAMEOFCOMPANY\_NAMEOFDOCUMENT.

E.g. if the respondent were XXXX, the name of the reply form would be:

ESMA\_DP\_BMR \_XXXX\_REPLYFORM or

ESMA\_DP\_BMR \_XXXX\_ANNEX1

To help you navigate this document more easily, bookmarks are available in “Navigation Pane” for Word 2010 and in “Document Map” for Word 2007.

***Deadline***

Responses must reach us by 31 March 2016**.**

All contributions should be submitted online at [www.esma.europa.eu](http://www.esma.europa.eu) under the heading ‘Your input/Consultations’.

***Publication of responses***

All contributions received will be published following the end of the consultation period, unless otherwise requested. **Please clearly indicate by ticking the appropriate checkbox in the website submission form if you do not wish your contribution to be publicly disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure.** Note also that a confidential response may be requested from us in accordance with ESMA’s rules on access to documents. We may consult you if we receive such a request. Any decision we make is reviewable by ESMA’s Board of Appeal and the European Ombudsman.

***Data protection***

Information on data protection can be found at [www.esma.europa.eu](http://www.esma.europa.eu) under the headings ‘Legal notice’ and ‘Data protection’.

# Introduction

Please make your introductory comments below, if any:

<ESMA\_COMMENT\_ DP\_BMR\_1>

**UniCredit is pleased to provide comments on the ESMA’s Discussion Paper regarding the technical implementation of the incoming Benchmark’s Regulation (BMR).** In its role of a leading EU banking group, UniCredit is contributing to key money market benchmarks like Euribor and Eonia mainly as an act of **responsibility towards the users of the benchmarks**: consumers, investors, other financial intermediaries. We therefore support the objective of improving governance and control over the benchmark process, by enhancing their reliability and protecting final users.

We do believe the BMR is a key step for **restoring market credibility and re-establishing confidence in European benchmarks**. As a general remark, we would like to emphasize that **the integrity of the whole benchmark’s setting process depends on clear roles and responsibilities for both administrators and contributors**. Each individual agent should carry out specific tasks so that administrators are to play a key role in overseeing the benchmark in terms of governance, methodology and representativeness of the benchmark in respect to the economic and market reality that it intends to measure; while contributors are in charge of ensuring the quality of the data produced and the integrity of the whole submission process. Still it is important to place equally relevant tasks amongst different players so that administrators are not subject to requirements that would be best placed with contributors or competent authorities.

As to the rules contributors are required to comply with, we consider the **proposed internal oversight architecture and verification procedures as suitable** for ensuring the integrity, accuracy and reliability of the input data. Nonetheless, any excessively burdensome requirements that could discourage contributors from providing input data should be carefully avoided. As far as conflict of interest policy is concerned, we would suggest to make it as aligned as possible with the relevant financial services legislation.

<ESMA\_COMMENT\_ DP\_BMR\_1>

1. Do you agree that an index’s characteristic of being “made available to the public” should be defined in an open manner, possibly reflecting the current channels and modalities of publication of existing benchmarks, in order not to unduly restrict the number of benchmarks in scope?

<ESMA\_QUESTION\_DP\_BMR\_1>

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<ESMA\_QUESTION\_DP\_BMR\_1>

1. Do you have any proposals on which aspects of the publication process of an index should be considered in order for it to be deemed as having made the index available to the public, for the purpose of the BMR?

<ESMA\_QUESTION\_DP\_BMR\_2>

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<ESMA\_QUESTION\_DP\_BMR\_2>

1. Do you agree with ESMA’s proposal to align the administering the arrangements for determining a benchmark with the IOSCO principle on the overall responsibility of the administrator? Which other characteristics/activities would you regard as covered by Article 3(1) point 3(a)?

<ESMA\_QUESTION\_DP\_BMR\_3>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_3>

1. Do you agree with ESMA’s proposal for a definition of issuance of a financial instrument? Are there additional aspects that this definition should cover?

<ESMA\_QUESTION\_DP\_BMR\_4>

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<ESMA\_QUESTION\_DP\_BMR\_4>

1. Do you think that the business activities of market operators and CCPs in connection with possible creation of financial instruments for trading could fall under the specification of “issuance of a financial instrument which references an index or a combination of indices”? If not, which element of the “use of benchmark” definition could cover these business activities?

<ESMA\_QUESTION\_DP\_BMR\_5>

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<ESMA\_QUESTION\_DP\_BMR\_5>

1. Do you agree with the proposed list of appropriate governance arrangements for the oversight function? Would you propose any additional structure or changes to the proposed structures?

<ESMA\_QUESTION\_DP\_BMR\_6>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_6>

1. Do you believe these proposals sufficiently address the needs of all types of benchmarks and administrators? If not, what characteristics do such benchmarks have that would need to be addressed in the proposals?

<ESMA\_QUESTION\_DP\_BMR\_7>

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<ESMA\_QUESTION\_DP\_BMR\_7>

1. To the extent that you provide benchmarks, do you have in place a pre-existing committee, introduced through other EU legislation, or otherwise, which could satisfy the requirements of an oversight function under Article 5a? Please describe the structure of the committee and the reasons for establishing it.

<ESMA\_QUESTION\_DP\_BMR\_8>

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<ESMA\_QUESTION\_DP\_BMR\_8>

1. Do you agree that an administrator could establish one oversight function for all the benchmarks it provides? Do you think it is appropriate for an administrator to have multiple oversight functions where it provides benchmarks that have different methodologies, users or seek to measure very different markets or economic realities?

<ESMA\_QUESTION\_DP\_BMR\_9>

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<ESMA\_QUESTION\_DP\_BMR\_9>

1. If an administrator provides more than one critical benchmark, do you support the approach of one oversight function exercising oversight over all the critical benchmarks? Do you think it is necessary for an oversight function to have sub-functions, to account for the different needs of different types of benchmarks?

<ESMA\_QUESTION\_DP\_BMR\_10>

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<ESMA\_QUESTION\_DP\_BMR\_10>

1. Where an administrator provides critical benchmarks and significant or non-significant benchmarks, do you think it should establish different oversight functions depending on the nature, scale and complexity of the critical benchmarks versus the significant or non-significant benchmarks?

<ESMA\_QUESTION\_DP\_BMR\_11>

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<ESMA\_QUESTION\_DP\_BMR\_11>

1. In which cases would you agree that contributors should be prevented from participating in oversight committees?

<ESMA\_QUESTION\_DP\_BMR\_12>

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<ESMA\_QUESTION\_DP\_BMR\_12>

1. Do you foresee additional costs to your business or, if you are not an administrator, to the business of others resulting from the establishment of multiple oversight functions in connection with the different businesses performed and/or the different nature, scale and type of benchmarks provided? Please describe the nature, and where possible provide estimates, of these costs.

<ESMA\_QUESTION\_DP\_BMR\_13>

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<ESMA\_QUESTION\_DP\_BMR\_13>

1. Do you agree that, in all cases, an oversight function should not be responsible for overseeing the business decisions of the management body?

<ESMA\_QUESTION\_DP\_BMR\_14>

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<ESMA\_QUESTION\_DP\_BMR\_14>

1. Do you support the proposed positioning of the oversight function of an administrator? If not, please explain your reasons why this positioning may not be appropriate.

<ESMA\_QUESTION\_DP\_BMR\_15>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_15>

1. Do you have any additional comments with regard to the procedures for the oversight function as well as the composition and positioning of the oversight function within an administrator’s organisation?

<ESMA\_QUESTION\_DP\_BMR\_16>

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<ESMA\_QUESTION\_DP\_BMR\_16>

1. Do you agree with the proposed list of elements of procedures required for all oversight functions? Should different procedures be employed for different types of benchmarks?

<ESMA\_QUESTION\_DP\_BMR\_17>

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<ESMA\_QUESTION\_DP\_BMR\_17>

1. Do you agree with the proposed treatment of conflicts of interest arising from the composition of an oversight function? Have you identified any additional conflicts which ESMA should consider in drafting the RTS?

<ESMA\_QUESTION\_DP\_BMR\_18>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_18>

1. Do you agree with the list of records to be kept by the administrator for input data verification? If not, please specify which information is superfluous / which additional information is needed and why.

<ESMA\_QUESTION\_DP\_BMR\_19>

Under the Regulation, administrators are mandated to establish a control framework to monitor input data including, where feasible, the monitoring of the input data before the publication of a benchmark. This obligation is intended to ensure the “appropriateness and verifiability” of input data. The Discussion Paper argues that record keeping represents a “precondition” that enables the administrators to verify input data. While we share the view that robust record keeping practices are important for sound benchmarks, the obligation to transmit all information and records to the Administrator and having it keeping the list of records is – in our opinion – redundant. In many cases, this massive flow of information would not allow the administrators in carrying out this task. According to the Discussion Paper, the Administrator should be able to reconstruct single contributors’ submissions solely on the basis of the provided static information. This would be extremely difficult to achieve - or even an impossible task - for those benchmarks where market knowledge and expertise are non-replicable by sheer numbers (inter alia interbank markets in those occasions where transactions are not sufficient to obtain a robust fixing).

In addition to this, in case of a timely publication of a given benchmark (i.e. daily submissions, calculation and publication) Administrators could hardly analize underlying data, evaluate and monitor all submissions from all contributors in a timely manner, therefore frustrating the purpose of this provision. We believe that such controls should belong to auditors.

Moreover, when considering non-transaction based submissions to a given benchmark including also contingency measures for those circumstances when data sufficiency is not guaranteed, elements of discretion lie either at contributor, or administrator, or calculation agent level. It is important that every single actor keeps track of the data that formed its submission and the reasons why it may have possibly changed, modified or cancelled it.

In light of the above mentioned cases, it is not clear, and counterproductive in the end, why it should be compulsory to transmit all data to the Administrator. In our view, market integrity would be preserved by allowing the administrator to request information when needed to input data verification. Each individual agent should be responsible for the quality of the data used and for its storage for future scrutiny.

<ESMA\_QUESTION\_DP\_BMR\_19>

1. Do you agree that, for the information to be transmitted to the administrator in view of ensuring the verifiability of input data, weekly transmission is sufficient? Would you instead consider it appropriate to leave the frequency of transmission to be defined by the administrator (i.e. in the code of conduct)?

<ESMA\_QUESTION\_DP\_BMR\_20>

No, see above.

<ESMA\_QUESTION\_DP\_BMR\_20>

1. Do you agree with the concept of appropriateness as elaborated in this section?

<ESMA\_QUESTION\_DP\_BMR\_21>

We wish to underline that submitters are already responsible of extracting and calculating/submitting relevant data; deferring to administrators the task of performing an analysis to evaluate the appropriateness of input data is in some way duplicating this responsibility.

<ESMA\_QUESTION\_DP\_BMR\_21>

1. Do you see any other checks an administrator could use to verify the appropriateness of input data?

<ESMA\_QUESTION\_DP\_BMR\_22>

**Administrators should verify the appropriateness of the benchmark in describing the underlying interest, and design a sound governance of the benchmark**. They should only be responsible for the appropriateness of input data **as far as the governance of the benchmark, methodology, type of submitters, representativeness of submitters in respect to the economic or market reality that the benchmark is trying to observe are concerned**.

<ESMA\_QUESTION\_DP\_BMR\_22>

1. Would you consider it useful that the administrator maintains records of the analyses performed to evaluate the appropriateness of input data?

<ESMA\_QUESTION\_DP\_BMR\_23>

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<ESMA\_QUESTION\_DP\_BMR\_23>

1. Do you see other possible measures to ensure verifiability of input data?

<ESMA\_QUESTION\_DP\_BMR\_24>

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<ESMA\_QUESTION\_DP\_BMR\_24>

1. Do you agree with the identification of the concepts and underpinning activities of evaluation, validation and verifiability, as used in this section?

<ESMA\_QUESTION\_DP\_BMR\_25>

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<ESMA\_QUESTION\_DP\_BMR\_25>

1. Do you agree that all staff involved in input data submission should undergo training, but that such training should be more elaborate / should be repeated more frequently where it concerns front office staff contributing to benchmarks?

<ESMA\_QUESTION\_DP\_BMR\_26>

UniCredit agrees that in order to ensure a process of input data contribution based on integrity and accuracy, all involved staff in data submission must have the appropriate level of knowledge and professional expertise in order to be able to comply with their respective responsibilities. To this extent, identified staff should undergo appropriate and periodic training and development programs regarding the provision of a benchmark’s Code of Conduct, contributor’s internal control system in place, applicable regulations, conflicts of interest management, prevention of fraudulent behaviours, ethical standards that they are expected to observe in their respective roles, consequences of acting unlawfully or improperly in relation to the submissions activities, etc.

Furthermore, staff involved in the submission should have appropriate qualification, skills and a minimum number of years of experience to assess the underlying market/economic reality that the benchmark is meant to represent and respectively validate the quotes proposed by the submitters.

In UniCredit view, such training should be differentiated between front office staff and other staff contributing to benchmarks. For front office staff – that primarily deals in products based on the benchmark to which its organisation contributes – training programmes should mandatorily include conflict of interests management, prevention of fraudulent behaviours and tailored sessions according to the specific benchmarks’ types and characteristics, and the input data to be used. Moreover, such training should be periodically updated.

<ESMA\_QUESTION\_DP\_BMR\_26>

1. Do you agree to the three lines of defence-principle as an ideal type of internal oversight architecture?

<ESMA\_QUESTION\_DP\_BMR\_27>

UniCredit believes that the proposed internal oversight architecture and verification procedures of a contributor as set out in the Benchmark Regulation are fully in line with the objective of the regulation to improve the functioning and governance of benchmarks by introducing uniform rules throughout EU, in line with IOSCO’s Principles for Financial Benchmarks as well. They must be able to ensure that benchmarks produced and used in the EU are even more robust, reliable and not subject to manipulation.

In light of the above considerations, UniCredit agrees with the so identified lines of defence and would like to further outline the importance of implementing such architecture proportionally to the size of the contributor’s organization.

<ESMA\_QUESTION\_DP\_BMR\_27>

1. Do you identify other elements that could improve oversight at contributor level?

<ESMA\_QUESTION\_DP\_BMR\_28>

In UniCredit view, an additional element that could improve oversight at contributor level would be that of a process ensuring an on-going cooperation between involved functions and in particular between second and third lines of defence. The process should primarily aimed at ensuring a continuous and structured information flow between functions, especially in view of planning and reporting on their respective control activities.

<ESMA\_QUESTION\_DP\_BMR\_28>

1. Do you agree with the list of elements contained in a conflict of interest policy? If not, please state which elements should be added / which elements you consider superfluous and why.

<ESMA\_QUESTION\_DP\_BMR\_29>

We generally agree with the list of elements contained in the conflict of interest policy mentioned at point 97 with the exception of: (1) *“Disclosure of actual or potential conflicts of interest of benchmark contributors or individual staff members”*: usually in the field of financial services legislation the public disclosure of conflicts of interest is deemed necessary only where a firm’s organisational and administrative arrangements are not adequately able to manage those conflicts. In such cases, the disclosure of the nature and source of the conflict to clients is necessary in order to make the investor aware before conducting business with him. In case of benchmark contributions, we believe that disclosure of both actual and potential conflicts is not an effective tool. In this regard, we consider it worth to maintain sound and prescriptive procedures to manage contributors’ conflicts of interest, such as the possible abstention from the submission process of submitters that are subject to not-manageable conflict of interest; (2) *“Clear segregation of duties between staff involved in contributing input data and other front office staff”*: in our opinion contributors should be able to allow that submitters can also perform activities potentially conflicting with the contribution as long as sound principles to manage conflicts of interest are provided.

<ESMA\_QUESTION\_DP\_BMR\_29>

1. Do you agree that where expert judgement is relied on and/or discretion is used additional appropriate measures to ensure verifiability of input data should be imposed? If not, please specify examples and reasons why you disagree.

<ESMA\_QUESTION\_DP\_BMR\_30>

Verifiability is of paramount importance. Administrators may verify, *a posteriori*, from market surveys or other publicly available data the soundness of the benchmark vs the underlying interest that they are trying to represent.

<ESMA\_QUESTION\_DP\_BMR\_30>

1. Do you agree to the list of criteria that can justify differentiation? If not, please specify why you disagree.

<ESMA\_QUESTION\_DP\_BMR\_31>

UniCredit agrees to the concept of differentiation and believes it is of upmost importance that rules under Benchmark Regulation are balanced and not such to deter business of supervised contributors to the advantage of other players that are not subject to the obligations imposed by the Regulation.

<ESMA\_QUESTION\_DP\_BMR\_31>

1. Do you agree to the list of elements that are amenable to proportional implementation? If not, please specify why you disagree.

<ESMA\_QUESTION\_DP\_BMR\_32>

UniCredit agrees to the list of elements that are amenable to proportional implementation.

<ESMA\_QUESTION\_DP\_BMR\_32>

1. Do you agree to the list of elements that are not amenable to proportional implementation? If not, please specify why you disagree.

<ESMA\_QUESTION\_DP\_BMR\_33>

UniCredit agrees to the suggested list of elements that are not amenable to proportional implementation due to their nature of core principles governing the contribution process.

<ESMA\_QUESTION\_DP\_BMR\_33>

1. Do you consider the proposed list of key elements sufficiently granular “*to allow users to understand how a benchmark is provided and to assess its representativeness, its relevance to particular users and its appropriateness as a reference for financial instruments and contracts*”?

<ESMA\_QUESTION\_DP\_BMR\_34>

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<ESMA\_QUESTION\_DP\_BMR\_34>

1. Beyond the list of key elements, could you identify other elements of benchmark methodology that should be disclosed? If yes, please explain the reason why these elements should be disclosed.

<ESMA\_QUESTION\_DP\_BMR\_35>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_35>

1. Do you agree that the proposed key elements must be disclosed *to the public* (linked to Article 3, para 1, subpara 1, point (a))? If not, please specify why not.

<ESMA\_QUESTION\_DP\_BMR\_36>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_36>

1. Do you agree with ESMA’s proposal about the information to be made public concerning the internal review of the methodology? Please suggest any other information you consider useful to disclose on the topic.

<ESMA\_QUESTION\_DP\_BMR\_37>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_37>

1. Do you agree with the above proposals to specify the information to be provided to benchmark users and, more in general, stakeholders regarding material changes in benchmark methodology?

<ESMA\_QUESTION\_DP\_BMR\_38>

Yes, we believe that transparency toward the public in the evolution of methodologies is critical, in order to comply with the forthcoming regulation.

<ESMA\_QUESTION\_DP\_BMR\_38>

1. Do you agree, in particular, on the opportunity that also the replies received in response to the consultation are made available to the public, where allowed by respondents?

<ESMA\_QUESTION\_DP\_BMR\_39>

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<ESMA\_QUESTION\_DP\_BMR\_39>

1. Do you agree that the publication requirements for key elements of methodology apply regardless of benchmark type? If not, please state which type of benchmark would be exempt / which elements of methodology would be exempt and why.

<ESMA\_QUESTION\_DP\_BMR\_40>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_40>

1. Do you agree that the publication requirements for the internal review of methodology apply regardless of benchmark type? If not, please state which information regarding the internal review could be differentiated and according to which characteristic of the benchmark or of its input data or of its methodology.

<ESMA\_QUESTION\_DP\_BMR\_41>

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<ESMA\_QUESTION\_DP\_BMR\_41>

1. Do you agree that, in the requirements regarding the procedure for material change, the proportionality built into the Level 1 text covers all needs for proportional application?

<ESMA\_QUESTION\_DP\_BMR\_42>

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<ESMA\_QUESTION\_DP\_BMR\_42>

1. Do you agree that a benchmark administrator could have a standard code for all types of benchmarks? If not, should there be separate codes depending on whether a benchmark is critical, significant or non-significant? Please take into account your answer to this question when responding to all subsequent questions.

<ESMA\_QUESTION\_DP\_BMR\_43>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_43>

1. Do you believe that an administrator should be mandated to tailor a code of conduct, depending on the market or economic reality it seeks to measure and/or the methodology applied for the determination of the benchmark? Please explain your answer using examples of different categories or sectors of benchmarks, where applicable.

<ESMA\_QUESTION\_DP\_BMR\_44>

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<ESMA\_QUESTION\_DP\_BMR\_44>

1. Do you agree with the above requirements for a contributor’s contribution process? Is there anything else that should be included?

<ESMA\_QUESTION\_DP\_BMR\_45>

UniCredit agrees with the proposed requirements to be included in the code of conduct for all benchmarks. UniCredit believes that the reference to a suitable record- keeping mechanism should be envisaged, in order to allow the storage of information to be accessible by administrators and competent authorities for future reference on an as needed basis.

<ESMA\_QUESTION\_DP\_BMR\_45>

1. Do you agree that the details of the code of conduct to be specified by ESMA may still allow administrators to tailor the details of their codes of conduct with respect to the specific benchmarks provided?

<ESMA\_QUESTION\_DP\_BMR\_46>

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<ESMA\_QUESTION\_DP\_BMR\_46>

1. Do you agree that such information should be required from contributors under the code of conduct? Should any additional information be requested?

<ESMA\_QUESTION\_DP\_BMR\_47>

UniCredit agrees that such information should be required from contributors under the code of conduct.

<ESMA\_QUESTION\_DP\_BMR\_47>

1. Are their ways in which contributors may manage possible conflicts of interest at the level of the submitters? Should those conflicts, where managed, be disclosed to the administrator?

<ESMA\_QUESTION\_DP\_BMR\_48>

Yes. In our opinion, conflicts of interest at the level of submitters can be managed through the adoption of organizational measures such as information barriers, independent remuneration, hierarchical independence and undue influence prevention.

This being said, we find it of a limited usefulness to disclose to administrators the conflict of interests that are managed by contributors (please see above Q29).

<ESMA\_QUESTION\_DP\_BMR\_48>

1. Do you foresee any obstacles to the administrator’s ability to evaluate the authorisation of any submitters to contribute input data on behalf of a contributor?

<ESMA\_QUESTION\_DP\_BMR\_49>

A lack of transparency and/or a regular update of the information transmitted by contributors may obstacle administrator’s ability to evaluate submitters’ authorization to provide input data on behalf of a contributor.

<ESMA\_QUESTION\_DP\_BMR\_49>

1. Do you agree that a contributor’s contribution process should foresee clear rules for the exclusion of data sources? Should any other information be supplied to administrators to allow them to ensure contributors have provided all relevant input data?

<ESMA\_QUESTION\_DP\_BMR\_50>

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<ESMA\_QUESTION\_DP\_BMR\_50>

1. Do you think that the listed procedures for submitting input data are comprehensive? If not, what is missing?

<ESMA\_QUESTION\_DP\_BMR\_51>

UniCredit agrees with the proposed listed procedures for submitting input data.

<ESMA\_QUESTION\_DP\_BMR\_51>

1. Do you agree that rules are necessary to provide consistency of contributors’ behaviour over the time? Should this be set out in the code of conduct or in the benchmark methodology, or both?

<ESMA\_QUESTION\_DP\_BMR\_52>

UniCredit shares the ESMA’s view that rules are necessary to provide consistency of contributors’ behaviour over time; we do not express a specific preference for code of conduct/methodology.

<ESMA\_QUESTION\_DP\_BMR\_52>

1. Should policies, in addition to those set out in the methodology, be in place at the level of the contributors, regarding the use of discretion in providing input data?

<ESMA\_QUESTION\_DP\_BMR\_53>

UniCredit agrees with the proposed approach.

<ESMA\_QUESTION\_DP\_BMR\_53>

1. Do you agree with the list of checks for validation purposes? What other methods could be included?

<ESMA\_QUESTION\_DP\_BMR\_54>

UniCredit agrees with putting in place validation procedures at first (e.g. “four eye principles, senior manager signature” etc…”) and second levels of defence. Besides this, UniCredit believes that further requirements such as the implementation of “automatic checks by the system and pre-set thresholds” could be costly and burdensome for contributors.

<ESMA\_QUESTION\_DP\_BMR\_54>

1. Do you agree with the minimum information requirement for record keeping? If not would you propose additional/alternative information?

<ESMA\_QUESTION\_DP\_BMR\_55>

UniCredit agrees with the proposed approach.

<ESMA\_QUESTION\_DP\_BMR\_55>

1. Do you support the recording of the use of expert judgement and of discretion? Should administrators require the same records for all types of benchmarks?

<ESMA\_QUESTION\_DP\_BMR\_56>

UniCredit fully agrees with the proposed approach. In addition, UniCredit would like to underline that the record-keeping requests may vary, depending on whether transaction or non-transaction based data is contributed.

<ESMA\_QUESTION\_DP\_BMR\_56>

1. Do you agree that an administrator could require contributors to have in place a documented escalation process to report suspicious transactions?

<ESMA\_QUESTION\_DP\_BMR\_57>

UniCredit agrees with the proposed approach

<ESMA\_QUESTION\_DP\_BMR\_57>

1. Do you agree with the list of policies, procedures and controls that would allow the identification and management of conflicts of interest? Should other requirements be included?

<ESMA\_QUESTION\_DP\_BMR\_58>

We generally agree with the proposed list of policies, procedures and controls set out under the code of conduct, particularly conflicts of interest policy, conflicts of interest register, physical separation of employees, Chinese walls and remuneration policies for submitting staff.

However, we believe that introducing additional oversight is not needed where contributors’ policies include principles and processes (included control processes) to manage conflicts.

<ESMA\_QUESTION\_DP\_BMR\_58>

1. Do you have any additional comments with regard to the contents of a code of conduct in accordance with Article 9(2)?

<ESMA\_QUESTION\_DP\_BMR\_59>

UniCredit has no additional comments.

<ESMA\_QUESTION\_DP\_BMR\_59>

1. Do you agree with the above list of requirements? Do you think that those requirements are appropriate for all benchmarks? If not what do you think should be the criteria we should use?

<ESMA\_QUESTION\_DP\_BMR\_60>

UniCredit agrees with the proposed further requirements of governance and control regarding the provision of input data for the supervised contributors.

In UniCredit view, such requirements are more suitable for critical and significant benchmarks, in order to not improperly increase governance cost where only not-significant benchmarks are provided.

<ESMA\_QUESTION\_DP\_BMR\_60>

1. Do you agree that information regarding breaches to the BMR or to Code of Conduct should also be made available to the Benchmark Administrator?

<ESMA\_QUESTION\_DP\_BMR\_61>

UniCredit agrees that information regarding breaches to the BMR or to Code of Conduct should also be made available to the Benchmark Administrators, in order to enable them to identify inconsistencies and put in place measures to ensure the integrity and reliability of all contributions of input data.

<ESMA\_QUESTION\_DP\_BMR\_61>

1. Do you think that the external audit covering benchmark activities, where available, should also be made available, on request, to the Benchmark Administrator?

<ESMA\_QUESTION\_DP\_BMR\_62>

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<ESMA\_QUESTION\_DP\_BMR\_62>

1. Do you agree with the proposed criteria for the specific elements of systems and controls as listed in Article 11(2)(a) to (c)? If not, what should be alternative criteria to substantiate these elements?

<ESMA\_QUESTION\_DP\_BMR\_63>

UniCredit agrees with the proposed approach.

<ESMA\_QUESTION\_DP\_BMR\_63>

1. Do you agree that the submitters should not be remunerated for the level of their contribution but could be remunerated for the quality of input and their ability to manage the conflicts of interest instead?

<ESMA\_QUESTION\_DP\_BMR\_64>

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<ESMA\_QUESTION\_DP\_BMR\_64>

1. What would be a reasonable delay for signing-off on the contribution? What are the reasons that would justify a delay in the sign off?

<ESMA\_QUESTION\_DP\_BMR\_65>

We would require the sign off to be obtained from the Submitter’s superior prior to submission as the Firm’s standard procedure. It is envisaged that a number of alternates, who could substitute for the nominated superior in the event of their absence, would be identified. In the circumstances where none of the alternates were available for sign off then the Firm’s actions would be dependent on the nature of the Benchmark to which the contribution is being made and also the requirements prescribed by the Administrator. For example, in the case of benchmarks that were classified as Critical or Significant, contributions are likely to have a mandatory submission requirement. Therefore where pre submission sign-off is not possible, a post sign off may be required. In the event that the submission was made to a Non-Significant Benchmark we may delay submission (if Administrator rules permit) to allow for sign off prior to submission in accordance with Firm’s procedures. In any case, our approach would be dependent on the requirements regarding mandatory submission due to the nature of the Benchmark, its methodology and requirements of the Administrator. We would expect the Administrator to provide instructions with regard to any permitted exceptions to the requirement to obtain sign off prior to submission. In exceptional circumstances where Firms are permitted to provide sign off post submission, we believe that post sign off should be achieved within one working day. Situations that may cause a delay in this sign off could include employee absence or other staffing issues or technical issues that prevent communication with relevant individuals, such as travel limitations (flights, etc).

<ESMA\_QUESTION\_DP\_BMR\_65>

1. Is the mentioned delay an element that may be established by the administrator in line with the applicable methodology and in consideration of the underlying, of the type of input data and of supervised contributors?

<ESMA\_QUESTION\_DP\_BMR\_66>

In the situation mentioned in the answer to Q65 above, the delay would not have to do with the scope of Administrator's methodology, but would rather be caused by staffing issues or employee absence, which would not be connected with the Administrators methodology.

<ESMA\_QUESTION\_DP\_BMR\_66>

1. In case of a contribution made through an automated process what should be the adequate level of seniority for signing-off?

<ESMA\_QUESTION\_DP\_BMR\_67>

Automated contribution processes would require validation by an appropriate person prior to data release. From an oversight perspective and in line with the requirement for the individual to be of suitable level of seniority, we would recommend this to be at least a senior member of the team that is responsible for the provision of the information or a desk head so as to demonstrate oversight and the required level of experience.

In the context of LIBOR scandal even, if the sign off were to be provided by a desk head, this was not always sufficient. Additional separation of duties may require the sign off to be provided by an independent function or a suitable senior member of staff from another desk /area of the business. This separation would allow for a clear demonstration of independence in the approval process and would apply controls in order to remove potential conflicts.

The independence of the sign off process should also ideally incorporate the criteria applied to contributors by the Administrator of each Benchmark as referenced in the IOSCO code of conduct for Submitters. It should also be noted that IOSCO has stated that “Submissions from Front Office Functions are ‘disfavoured’ but permissible, as long as the Administrator is satisfied that there are adequate internal oversight and verification procedures, including safeguards and supervision to address possible conflicts of interest.

<ESMA\_QUESTION\_DP\_BMR\_67>

1. Do you agree with the above policies? Are there any other policies that should be in place at contributor’s level when expert judgement is used?

<ESMA\_QUESTION\_DP\_BMR\_68>

In addition to the above mentioned policies it would be advisable to include elements of conflicts of interest in the event that the Firm is involved in more than one aspect of the Benchmark process e.g. Administrator, Contributor or User. Also, the conflict of interest concerning the data submitted from a desk perspective should also be considered.

In addition, requirements identified in the IOSCO Code of Conduct for Contributors confirms that there should also be an inclusion of the Administrators guidelines as part of the contribution process (although this is not strictly a policy, it appears to be in scope as a document that should form part of the prescribed process).

<ESMA\_QUESTION\_DP\_BMR\_68>

1. Do you agree with this approach? If so, what do you think are the main distinctions – amid the identified detailed measures that a supervised contributor will be required to put in place - that it is possible to introduce to cater for the different types, characteristics of benchmarks and of supervised contributors?

<ESMA\_QUESTION\_DP\_BMR\_69>

UniCredit agrees with the approach proposed by ESMA to take into account differences in input data and in the nature of the activities carried out by the supervised contributor (e.g. dealing in financial instruments).

A further distinction to consider could be based on the size of the supervised contributor in case it could be able to affect the market.

<ESMA\_QUESTION\_DP\_BMR\_69>

1. Do you foresee additional costs to your business or, if you are not a supervised contributor, to the business of others resulting from the implementation of any of the listed requirements? Please describe the nature, and where possible provide estimates, of these costs.

<ESMA\_QUESTION\_DP\_BMR\_70>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_70>

1. Could the approach proposed, i.e. the use of the field total issued nominal amount in the context of MiFIR / MAR reference data, be used for the assessment of the “nominal amount” under BMR Article 13(1)(i) for bonds, other forms of securitised debt and money-market instruments? If not, please suggest alternative approaches

<ESMA\_QUESTION\_DP\_BMR\_71>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_71>

1. Are you aware of any shares in companies, other securities equivalent to shares in companies, partnerships or other entities, depositary receipts in respect of shares, emission allowances for which a benchmark is used as a reference?

<ESMA\_QUESTION\_DP\_BMR\_72>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_72>

1. Do you have any suggestion for defining the assessment of the nominal amount of these financial instruments when they refer to a benchmark?

<ESMA\_QUESTION\_DP\_BMR\_73>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_73>

1. Do you agree with ESMA proposal in relation to the value of units in collective investment undertakings? If not, please explain why

<ESMA\_QUESTION\_DP\_BMR\_74>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_74>

1. Do you agree with the approach of using the notional amount, as used and defined in the EMIR reporting regime, for the assessment of notional amount of derivatives under BMR Article 13(1)(i)? If not, please suggest alternative approaches.

<ESMA\_QUESTION\_DP\_BMR\_75>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_75>

1. Which are your views on the two options proposed to assess the net asset value of investment funds? Should you have a preference for an alternative option, please provide details and explain the reasons for your preference.

<ESMA\_QUESTION\_DP\_BMR\_76>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_76>

1. Which are your views on the two approaches proposed to assess the nominal amount of financial instruments other than derivatives, the notional amount of derivatives and the net asset value of an investment fund referencing a benchmark within a combination of benchmarks? Please provide details and explain the reasons for your preference. Do you think there are other possible approaches? If yes, please explain.

<ESMA\_QUESTION\_DP\_BMR\_77>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_77>

1. Do you agree with the ‘relative impact’ approach, i.e. define one or more value and “ratios” for each of the five areas (markets integrity; or financial stability; or consumers; or the real economy; or the financing of households and corporations) that need to be assessed according to Article 13(1)(c), subparagraph (iii)? If not, please elaborate on other options that you consider more suitable.

<ESMA\_QUESTION\_DP\_BMR\_78>

Yes, we agree

<ESMA\_QUESTION\_DP\_BMR\_78>

1. What kind of other objective grounds could be used to assess the potential impact of the discontinuity or unreliability of the benchmark besides the ones mentioned above (e.g. GDP, consumer credit agreement etc.)?

<ESMA\_QUESTION\_DP\_BMR\_79>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_79>

1. Do you agree with ESMA’s approach to further define the above criteria? Particularly, do you think that ESMA should develop more concrete guidance for the possible rejection of the NCA under Article 14c para 2? Do you believe that NCAs should take into consideration additional elements in their assessment?

<ESMA\_QUESTION\_DP\_BMR\_80>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_80>

1. Do you think that the fields identified for the template are sufficient for the competent authority and the stakeholders to form an opinion on the representativeness, reliability and integrity of a benchmark, notwithstanding the non-application of some material requirements? Could you suggest additional fields?

<ESMA\_QUESTION\_DP\_BMR\_81>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_81>

1. Do you agree with the suggested minimum aspects for defining the market or economic reality measured by the benchmark?

<ESMA\_QUESTION\_DP\_BMR\_82>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_82>

1. Do you think the circumstances under which a benchmark determination may become unreliable can be sufficiently described by the suggested aspects?

<ESMA\_QUESTION\_DP\_BMR\_83>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_83>

1. Do you agree with the minimum information on the exercise of discretion to be included in the benchmark statement?

<ESMA\_QUESTION\_DP\_BMR\_84>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_84>

1. Are there any further precise minimum contents for a benchmark statement that should apply to each benchmark beyond those stated in Art. 15(2) points (a) to (g) BMR?

<ESMA\_QUESTION\_DP\_BMR\_85>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_85>

1. Do you agree that a concise description of the additional requirements including references, if any, would be sufficient for the information purposes of the benchmark statement for interest rate benchmarks?

<ESMA\_QUESTION\_DP\_BMR\_86>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_86>

1. Do you agree that the statement for commodity benchmarks should be delimited as described? Otherwise, what other information would be essential in your opinion?

<ESMA\_QUESTION\_DP\_BMR\_87>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_87>

1. Do you agree with ESMA's approach not to include further material requirements for the content of benchmark statements regarding regulated-data benchmarks?

<ESMA\_QUESTION\_DP\_BMR\_88>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_88>

1. Do you agree with the suggested additional content required for statements regarding critical benchmarks? If not, please precise why and indicate what alternative or additional information you consider appropriate in case a benchmark qualifies as critical.

<ESMA\_QUESTION\_DP\_BMR\_89>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_89>

1. Do you agree with the suggested additional requirements for significant benchmarks? Which of the three options proposed you prefer, and why?

<ESMA\_QUESTION\_DP\_BMR\_90>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_90>

1. Do you agree with the suggested additional requirements for non-significant benchmarks? If not, please explain why and indicate what alternative or additional information you consider appropriate in case a benchmark is non-significant.

<ESMA\_QUESTION\_DP\_BMR\_91>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_91>

1. Are there any further contents for a benchmark statement that should apply to the various classes of benchmarks identified in this chapter?

<ESMA\_QUESTION\_DP\_BMR\_92>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_92>

1. Do you agree with the approach outlined above regarding information of a general nature and financial information? Do you see any particular cases, such as certain types of providers, for which these requirements need to be adapted?

<ESMA\_QUESTION\_DP\_BMR\_93>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_93>

1. Do you agree with ESMA’s approach to the above points? Do you believe that any specific cases exist, related either to the type of provider or the type of conflict of interest, that require specific information to be provided in addition to what initially identified by ESMA?

<ESMA\_QUESTION\_DP\_BMR\_94>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_94>

1. Do you agree with the proposals outlined for the above points? Do you see any areas requiring particular attention or adaptation?

<ESMA\_QUESTION\_DP\_BMR\_95>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_95>

1. Can you suggest other specific situations for which it is important to identify the information elements to be provided in the authorisation application?

<ESMA\_QUESTION\_DP\_BMR\_96>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_96>

1. Do you agree with the proposed approach towards registration? How should the information requirements for registration deviate from the requirements for authorisation?

<ESMA\_QUESTION\_DP\_BMR\_97>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_97>

1. Do you believe there are any specific types of supervised entities which would require special treatment within the registration regime? If yes, which ones and why?

<ESMA\_QUESTION\_DP\_BMR\_98>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_98>

1. Do you have any suggestions on which information should be included in the application for the recognition of a third country administrator?

<ESMA\_QUESTION\_DP\_BMR\_99>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_99>

1. Do you agree with the general approach proposed by ESMA for the presentation of the information required in Article 21a(6) of the BMR?

<ESMA\_QUESTION\_DP\_BMR\_100>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_100>

1. For each of the three above mentioned elements, please provide your views on what should be the measures to determine the conditions whether there is an ‘objective reason’ for the endorsement of a third country benchmark.

<ESMA\_QUESTION\_DP\_BMR\_101>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_101>

1. Do you consider that there are any other elements that could be taken into consideration to substantiate the ‘objective reason’ for the provision and endorsement for use in the Union of a third country benchmark or family of benchmarks?

<ESMA\_QUESTION\_DP\_BMR\_102>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_102>

1. Do you agree that in the situations identified above by ESMA the cessation or the changing of an existing benchmark to conform with the requirements of this Regulation could reasonably result in a force majeure event, frustrate or otherwise breach the terms of any financial contract or financial instrument which references a benchmark? If not, please explain the reasons why.

<ESMA\_QUESTION\_DP\_BMR\_103>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_103>

1. Which other circumstances could cause the consequences mentioned in Article 39(3) in case existing benchmarks are due to be adapted to the Regulation or to be ceased?

<ESMA\_QUESTION\_DP\_BMR\_104>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_104>

1. Do you agree with the proposed definition of “force majeure event”? If not, please explain the reasons and propose an alternative.

<ESMA\_QUESTION\_DP\_BMR\_105>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_105>

1. Are the two envisaged options (with respect to the term until which a non-compliant benchmark may be used) adequate: i.e. either (i) fix a time limit until when a non-compliant benchmark may be used or (ii) fix a minimum threshold which will trigger the prohibition to further use a non-compliant benchmark in existing financial instruments/financial contracts?

<ESMA\_QUESTION\_DP\_BMR\_106>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_106>

1. Which thresholds would be appropriate to foresee and how might a time limit be fixed? Please detail the reasons behind any suggestion.

<ESMA\_QUESTION\_DP\_BMR\_107>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_107>

1. Is the envisaged identification process of non-compliant benchmarks adequate? Do you have other suggestions?

<ESMA\_QUESTION\_DP\_BMR\_108>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_108>

1. Is the envisaged procedure enabling the competent authority to perform the assessment required by Article 39(3) correct in your view? Please advise what shall be considered in addition.

<ESMA\_QUESTION\_DP\_BMR\_109>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_109>

1. Which information it would be opportune to receive by benchmark providers on the one side and benchmark users that are supervised entities on the other side?

<ESMA\_QUESTION\_DP\_BMR\_110>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_110>

1. Do you agree that the different users of a benchmark that are supervised entities should liaise directly with the competent authority of the administrator and not with the respective competent authorities (if different)?

<ESMA\_QUESTION\_DP\_BMR\_111>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_111>

1. Would it be possible for relevant benchmark providers/users that are supervised entities to provide to the competent authority an estimate of the number and value of financial instruments/contracts referencing to a non-compliant benchmark being affected by the cessation/adaptation of such benchmark?

<ESMA\_QUESTION\_DP\_BMR\_112>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DP\_BMR\_112>

1. Would it be possible to evaluate how many out of these financial contracts or financial instruments are affected in a manner that the cessation/adaptation of the non-compliant benchmark would result in a force majeure event or frustration of contracts?

<ESMA\_QUESTION\_DP\_BMR\_113>

We would deem it appropriate to ask all Administrators of all benchmarks; as far as UniCredit is concerned, -ibor related contracts (loans, mortgages etc) with retail, SMEs or corporates can be numbered in millions.

<ESMA\_QUESTION\_DP\_BMR\_113>