

part of eex group



Benchmark Change and Cessation Procedure

European Energy Exchange AG

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1. Objective and Purpose

Administrators of benchmarks used in the EU need to comply with requirements of Regulation (EU) No. 2016/1011 (“Benchmark Regulation”). This Policy addresses the requirements with respect to changes to, or the cessation of, a benchmark which may be used in the EU in accordance with Article 29 (1) Benchmark Regulation.

2. General Principles

Due to changing economic or regulatory realities, market demand or internal product offering strategies, EEX AG must periodically evaluate the need for changes to, or the cessation of, a benchmark. The methodology of benchmarks provided by EEX AG is inter alia reviewed at least annually by the Oversight Committee (“OC”), which assumes the role of the Oversight Function.

Prior to any change or the cessation of a benchmark, the OC is formally consulted, including on whether or not a proposed change amounts to a material change, and on the necessity and/or appropriateness as well as the timeframe of a public consultation. The ultimate decision to change or decommission a benchmark is taken by the Benchmark Committee (“BC”).

3. Changes in Methodology

3.1 Definition of Materiality

Before changing the methodology of a benchmark, EEX AG must always determine whether the envisaged change would constitute a material change.

A material change in methodology is any significant change of key elements of the methodology. A material change is in particular deemed to exist where such change would result in a significantly different benchmark value compared to an unchanged methodology or where such change would have a potentially significant impact on stakeholders.

3.2 Public Consultation

EEX AG shall ensure that third parties to whom license to use a benchmark has been granted by EEX AG (“Clients”) and other stakeholders are informed about a proposed material change of a benchmark at regularly three (3) months prior to implementation. Advance notice will be given on the website of EEX AG (www.eex.com) through an EEX Customer Information.

Where feasible, EEX AG aims to consult on all material methodology changes with relevant stakeholders. At the start of each consultation, EEX AG in its role as administrator shall provide:

- (a) a description of the stakeholder consultation process and timeline;
- (b) an assessment as to whether the representativeness of the benchmark and its appropriateness for its intended use are put at risk in case the proposed material change is not put in place;
- (c) possible alternatives to the proposed change, if any; and

- (d) detailed information about the nature and rationale of the material change, as appropriate. EEX AG shall at least disclose the key elements of the methodology that would, in its view, be affected by the proposed material change.

The timeframe and duration of the consultation period will be determined by EEX AG and is dependent on the proposed change in methodology. The standard timeframe for consultation is four (4) weeks. A summary of the stakeholders' comments and EEX AG's summary response to those comments must be made accessible to all stakeholders after any given consultation period, except where the commenter has requested confidentiality.

EEX AG may decide to shorten the notice and/or consultation period or implement a change in methodology without prior notice and/or consultation:

- (a) where in the opinion of EEX AG there is no stakeholder impact; or
- (b) in the event that urgent action is required, for example but without limitation, where the representativeness of the benchmark and its appropriateness for its intended use are at risk.

4. Cessation of a Benchmark

EEX AG shall ensure that Clients and other stakeholders are informed about a proposed cessation of a benchmark at least three (3) months in advance, where possible. Shorter notice can be given if previous client consultations occurred. A statement on the website of EEX AG (www.eex.com) in form of an EEX Customer Information must be issued giving detailed information about the rationale for the cessation as well as the date on which the benchmark is decommissioned.

EEX AG may, at its sole discretion, choose to consult Clients and/or stakeholders on a proposed cessation of a benchmark.

EEX AG will only terminate provision of a benchmark provided that all existing licenses granted by EEX AG to Clients have been effectively terminated, taking into due consideration any given wind down periods for existing open interest in the concerned financial instruments.

5. Amendment

Amendment of this Procedure requires approval of the Benchmark Committee.