

## Conflicts of Interest

### 1. Overview

- 1.1 ICE Futures Europe (“IFEU”) has developed this Conflicts of Interest Policy to apply specifically to IFEU’s benchmark administration activities. This policy applies to all Directors, employees, consultants and contractors. This policy is incremental to the Intercontinental Exchange (“ICE”) Global Code of Business Conduct, which also applies to IFEU’s staff.
- 1.2 The objective of IFEU’s Conflicts of Interest Policy is to ensure that conflicts of interest within IFEU are identified and managed appropriately.
- 1.3 The following are the cornerstones of IFEU’s arrangements to ensure neutrality and the management of any potential or perceived conflicts of interest:
  - a strong regulatory culture and philosophy, as established by the Board and senior management;
  - management of conflicts of interest and confidentiality through physical, logical and contractual controls;
  - the ICE’s Global Code of Business Conduct;
  - all staff, Board members and Oversight Committee members attesting to their compliance with the policy and commitment to alert IFEU if their situation changes; and
  - IFEU’s Conflicts of Interest Register.

### 2. FCA requirements

- 2.1 The FCA’s Policy Statement 13/6 commented that a potential conflict of interest for benchmark administrators arises between the interests of the benchmark users and the administrator’s commercial objectives and/ or the interests of its membership.
- 2.2 MAR 8 is the chapter in the FCA’s Market Conduct Sourcebook that contains the requirements for Benchmark Administrators, which must maintain and operate effective organisational and administrative arrangements to enable them to identify and manage any conflicts of interest that may arise from the process of administering the benchmark.
- 2.3 For Benchmark Administrators, MAR 8.3.3 states that:

“A *benchmark administrator* must maintain and operate effective organisational and administrative arrangements to enable it to identify and manage any conflicts of interest that may arise from the process of administering a *specified benchmark*.”

#### 2.4 IFEU must therefore:

- have regard to maintaining the integrity of the market and the continuity of the benchmark
- identify and manage conflicts of interest that may arise, and
- have sufficient policies to ensure confidentiality of sensitive information, such as proprietary trading information, between itself and the Oversight Committee.

### 3. Identification of conflicts

- 3.1 A conflict of interest occurs where competing obligations or motivations result in, or are likely to result in, material risk of damage to the interests of another person or entity.
- 3.2 It is important that actual and potential conflicts of interest in IFEU are identified and managed. Anyone who identifies a new conflict of interest must immediately report it to the Benchmark Administration Manager.
- 3.3 IFEU will conduct reviews on at least an annual basis to ensure that we identify all actual and potential conflicts of interest on an ongoing basis and keep this Policy up to date. The identification and management of conflicts will also be identified through the ongoing IFEU compliance monitoring programme.

### 4. IFEU staff

- 4.1 ICE's Global Code of Business Conduct deals with conflicts of interest generally and applies fully to IFEU. The Global Code of Business Conduct includes policies and procedures for the identification, reporting, disclosure, management, mitigation and avoidance of conflicts of interest. The Code is published at:  
<http://ir.theice.com/~media/Files//Ice-IR/documents/corporate-governance-documents/ice-code-final-external.pdf>

## 5. IFEU's Oversight Committee

- 5.1 IFEU's Oversight Committee includes representation from Price Reporting Agencies. Although members of the Oversight Committee are expected to act as individuals when serving on the committee, they may be subject to conflicting interests.
- 5.2 IFEU's Oversight Committee includes representation from IFEU itself. IFEU is part of the wider ICE group and conflicts, or perceived conflicts, may therefore arise through this ownership.
- 5.3 Any member of the Oversight Committee may be conflicted where, for example, they become party to confidential information which may be useful to their employers.
- 5.4 In the Letter of Appointment to the committee, an individual confirms that they will:
- promptly declare to the Committee Chairman or a director of the Company (as appropriate) any other appointments or arrangements that conflict or may conflict with their position as a Committee member, and
  - comply with the Company's policy on conflicts of interest from time to time.

## 6. Conflict of interest management

- 6.1 Each conflict of interest identified must be managed and monitored. The following types of procedures and measures may be appropriate when managing conflicts of interest:
- Control of information: Preventing/controlling the exchange of information between opposing sides of a conflict of interest (e.g. by establishing a Chinese Wall). Information presented to the Oversight Committee is anonymised where required to preserve confidentiality
  - Removal of remuneration links: Removing direct links between the remuneration of individuals on opposite sides of a conflict of interest, or remuneration links that may influence an individual to favour a particular product or service. IFEU staff's remuneration is not linked to the ICE Brent Index.
  - Segregation of duties: Preventing/controlling the simultaneous/sequential involvement of individuals in separate tasks or services.
  - Contractual arrangements: Anticipating and avoiding conflicts. Certain types of conflict of interest are anticipated in contractual provisions by IFEU and require explicit advance declaration and/or consent for some matters.
  - Separate supervision: Ensuring that individuals on opposite sides of a conflict of interest are subject to separate supervision.

- Disclosure: Where the measures implemented to manage conflicts described above are insufficient to ensure, with reasonable confidence, that material risk of damage will be prevented, then the nature of the conflicts of interest arising must be disclosed as appropriate.

## **7. IOSCO disclosure**

- 7.1 IOSCO Principle 3 (Conflicts of interest for Administrators) provides, inter alia, that Administrators should disclose conflicts of interest arising from the ownership structure or the control of the Administrator to its Stakeholders and any relevant Regulatory Authority in a timely manner.
- 7.2 Since ICE derives business through derivative contracts which settle against the ICE Brent Index, there could be a perception that the group might be resistant to change in order to preserve the existing revenue stream; this is a perceived conflict rather than an actual or potential conflict.

## **8. Monitoring and reporting**

- 8.1 IFEU's senior management engage fully with the conflicts of interest identification and management process and take responsibility for the active ownership of conflicts of interest.
- 8.2 All IFEU staff involved in producing the ICE Brent Index must declare to their line manager, and/or IFEU's senior management as appropriate, any potential conflict of interest that arises in the course of their work. This may include, for example, a potential conflict which arises at a meeting or during discussions.
- 8.3 Any IFEU staff who are potentially conflicted must disclose this to IFEU, whether the conflict arises during the course of their employment at IFEU or from external factors (such as outside or family associations).

## **9. Record keeping**

- 9.1 The Conflicts Register is maintained by the Benchmark Administration Manager and is used to record:
- Conflict and potential conflict situations;
  - The appropriate mitigation strategy in each case;
  - Ownership of the ongoing management of the conflict,
  - Where appropriate, an assessment of how effective the mitigation strategy proves; and

- Regular reviews of conflict situations will be undertaken to maintain effective and appropriate management.

9.2 IFEU retains:

- All versions of this Policy;
- Management information provided in relation to the conflicts procedures, including any breaches of the Policy and subsequent remedial action, and
- All versions of the Conflicts of Interest Register.

9.3 All of the other records mentioned above will be kept for a minimum of five years.

## **10. Responsibilities in respect of the Policy**

10.1 This Conflicts of Interest Policy is owned by IFEU's senior management and is subject to annual review and sign off by the Board of Directors of IFEU. It will also be reviewed in line with business changes and changes to regulation.

## **11. Queries**

11.1 Any questions about this Policy should be addressed to the Benchmark Administration Manager.