



ASX BBSW Compliance with IOSCO Principles for Financial Benchmarks

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1. Introduction

Overview

In July 2013, the International Organisation of Securities Commission (IOSCO) published a set of principles setting out standards to be complied with by organisations administering financial benchmarks. The *Principles for Financial Benchmarks*¹ are intended to promote the reliability of Benchmark determination and address Benchmark governance, quality and accountability mechanisms.

Effective from 1st July 2019, ASX Benchmarks Limited (ASXB) was granted an Australian Benchmark Administrator License (ABAL) by ASIC to administer the Bank Bill Swap Rate (BBSW) under the Corporations Act, and is subject to the ASIC Financial Benchmark Regulation. As the Administrator ASXB has the responsibility for all aspects of the Benchmark Administration process, including:

- a. The calculation of the benchmark
- b. Determination and application of the Benchmark Methodology, and
- c. Publication of the benchmark

BBSW is the primary short-term rate used in the financial markets for the pricing and valuation of the Australian dollar securities and as a lending reference rate. The BBSW rate is calculated for 1,2,3,4,5 and 6 month tenors using a tiered waterfall calculation methodology comprised of the primary, secondary and tertiary layers.

In May 2018, ASX introduced a transaction based methodology as the primary method of calculation for BBSW. In December 2020, ASX Benchmarks introduced enhancements to the transaction layer of the methodology.

Further information on BBSW including the calculation methodology can be found at the following location: <https://www2.asx.com.au/connectivity-and-data/information-services/benchmarks/benchmark-data/bbsw>

¹ IOSCO Principles for Financial Benchmarks are available from www.iosco.org

IOSCO Principles	How ASX complies
<p>Principle 1 – Governance – Overall Responsibility of the Administrator:</p> <p>The Administrator should retain primary responsibility for all aspects of the Benchmark determination process. For example, this includes: a) Development: The definition of the Benchmark and Benchmark Methodology; b) Determination and Dissemination: Accurate and timely compilation and publication and distribution of the Benchmark; c) Operation: Ensuring appropriate transparency over significant decisions affecting the compilation of the Benchmark and any related determination process, including contingency measures in the event of absence of or insufficient inputs, market stress or disruption, failure of critical infrastructure, or other relevant factors; and d) Governance: Establishing credible and transparent governance, oversight and accountability procedures for the Benchmark determination process, including an identifiable oversight function accountable for the development, issuance and operation of the Benchmark.</p>	<p>ASX Benchmarks has primary responsibility for all aspects of the benchmark determination process. This includes:</p> <ul style="list-style-type: none"> • Defining BBSW and the BBSW Methodology • Collation of data inputs from the Approved Trading Venues (ATVs) • The timely and accurate determination, publication and distribution of BBSW • Ensuring appropriate transparency over significant decisions affecting the determination, publication and distribution of BBSW • Establishing credible and transparent governance procedures for the BBSW determination process. <p>ASX Benchmarks has conventions, policies, procedures and governance committees in place to govern the generation and administration of BBSW, including:</p> <ul style="list-style-type: none"> • ASX Bank Bill Swap (BBSW) Conventions and BBSW Methodology. Located at https://www2.asx.com.au/content/dam/asx/benchmarks/asx-bbsw-conventions.pdf. The conventions articulate the operational aspects, calculation rules and methodology used in the determination of BBSW. • BBSW Control Framework. An internal document that is made available to ASIC upon request. The control framework defines the roles and responsibilities of each relevant ASX business unit in the Benchmark determination process. • Benchmark Oversight Steering Group. An internal steering group comprised of ASX business units including: Legal, Business Development, Operations, Enterprise Compliance, Technology and Clearing Risk Oversight. The purpose of the Steering Group is to provide governance and oversight of the development and determination of BBSW. • BBSW Advisory Committee. An external committee comprised of Prime Banks, Buy-side investors, ASIC, Reserve Bank of Australia, Australian Financial Markets Association and the Australian Securitisation Forum. The purpose of the committee is to provide ongoing input and guidance on BBSW and advice concerning the BBSW Conventions and BBSW Methodology.
<p>Principle 2 – Governance – Oversight of Third Parties:</p> <p>Where activities relating to the Benchmark determination process are undertaken by third parties - for example collection of inputs, publication or where a third party acts as Calculation Agent - the Administrator should maintain appropriate oversight of such third parties. The Administrator (and its oversight function) should consider adopting policies and procedures that: a) Clearly define and substantiate through appropriate written arrangements the roles and obligations of third parties who participate in the Benchmark determination process, as well as the standards the Administrator expects these third parties to comply with; b) Monitor third parties' compliance with the standards set out by the Administrator; c) Make Available to Stakeholders and any relevant Regulatory</p>	<p>ASX Benchmarks maintains responsibility for the appropriate oversight of all third parties involved in the Benchmark determination process. This is documented in numerous policies, procedures and agreements ASX Benchmarks has in place.</p> <p>The policies, procedures and agreements include:</p> <ul style="list-style-type: none"> • Service Level Agreements (SLAs) with Approved Trading Venues (ATVs) for the provision of data to ASX Benchmarks. Each ATV that contributes data to the formation of BBSW is subject to the terms and conditions of a legally binding written agreement between ASX and the ATV setting out the obligations of the parties including oversight provisions in relation to the data inputs and the method by which the data inputs are to be provided. • A requirement for ATVs to provide periodic attestations of performance against their SLAs. • Procedures for ASX's internal performance monitoring of the ATVs performance against their SLAs. • Yearly attestations of compliance with the BBSW Trade and Trade Reporting Guidelines as defined in section 2.6 "Specified Contributor Attestation of

<p>Authority the identity and roles of third parties who participate in the Benchmark determination process; and d) Take reasonable steps, including contingency plans, to avoid undue operational risk related to the participation of third parties in the Benchmark determination process. This Principle does not apply in relation to a third party from whom an Administrator sources data if that third party is a Regulated Market or Exchange.</p>	<p>Compliance". This annual review is undertaken for both Prime Banks and ATVs.</p> <ul style="list-style-type: none"> • Prime Bank Conventions (Appendix D of the BBSW Conventions). These conventions support the BBSW Conventions, describing the protocols which govern the selection of Prime Banks and the ongoing requirements that they must adhere to in order to maintain Prime Bank status.
<p>Principle 3 – Governance – Conflicts of Interest for Administrators:</p> <p>To protect the integrity and independence of Benchmark determinations, Administrators should document, implement and enforce policies and procedures for the identification, disclosure, management, mitigation or avoidance of conflicts of interest. Administrators should review and update their policies and procedures as appropriate. Administrators should disclose any material conflicts of interest to their users and any relevant Regulatory Authority, if any.</p>	<p>ASX has a number of policies and procedures in place for the identification, disclosure, management, mitigation or avoidance of conflicts of interest. This includes the ASX Conflicts Management Policy available here: https://www2.asx.com.au/about/corporate-governance. These policies and procedures are subject to periodic review and update as required.</p> <p>ASX Benchmarks has the following additional policies and procedures in place in relation to conflicts of interest:</p> <ul style="list-style-type: none"> • Conflicts of interest are a standing agenda item at the Benchmark Oversight Steering Group and BBSW Advisory Committee. Any new, perceived or actual conflicts are raised at the commencement of each meeting. • ASX Benchmarks publishes the BBSW Conflicts Handling Policy online at the following location: https://www2.asx.com.au/content/dam/asx/participants/bbsw/bbsw-conflict-handling-arrangements.pdf • The BBSW Conflicts Handling Policy sets out examples of how perceived or actual conflicts of interest are managed. • The BBSW Control Framework also details the internal procedures pertaining to conflicts of interest with respect to BBSW. • ASX Benchmarks also maintains segregation of reporting lines which are clearly articulated in the BBSW Control Framework. • This is further covered under the ASX group policies including ASX Code of Conduct and ASX Anti-Bribery and Corruption Policy.
<p>Principle 4 - Control Framework for Administrators:</p> <p>An Administrator should implement an appropriate control framework for the process of determining and distributing the Benchmark. The control framework should be appropriately tailored to the materiality of the potential or existing conflicts of interest identified, the extent of the use of discretion in the Benchmark setting process and to the nature of Benchmark inputs and outputs. The control framework should be documented and available to relevant Regulatory Authorities, if any. A summary of its main features should be Published or Made Available to Stakeholders. This control framework should be reviewed periodically and updated as appropriate</p>	<p>ASX maintains an appropriate control framework to address the areas outlined in this principle. This includes controls for the process of determining and distributing BBSW. The control framework is an internal document that is made available to relevant Regulatory Authority upon request.</p> <p>The BBSW control framework is updated annually. Procedures pertaining to conflicts of interest (including potential and existing perceived or actual conflicts) are outlined in the BBSW Control Framework document.</p> <p>ASX Benchmarks employs surveillance for the purpose of identifying where possible any potential pricing issues.. This is outlined in internal documentation. ASX Benchmarks' documentation also includes requirements for the identification and reporting of suspicious conduct by those involved in the provision of benchmark inputs. See Section 7.1 of the ASX Bank Bill Swap (BBSW) Conventions and BBSW Methodology and Section 2.5 of the ASX BBSW Trade and Trade Reporting Guidelines.</p> <p>The personnel involved in the benchmark determination process are subject to a number of ASX policies including ASX's Code of Conduct, Anti-Bribery and Corruption Policy, Fraud Control Policy and Whistleblower Protection Policy. The ASX Whistleblower Protection Policy outlines the policy and processes to help prevent, detect and report instances of suspicious activity or wrongdoing. The Policy specifically refers to conduct of a benchmark administrator and is available at:</p>

	<p>https://www2.asx.com.au/content/dam/asx/participants/bbsw/bbsw-conflict-handling-arrangements.pdf</p> <p>ASX has in place an effective whistleblowing mechanism to ensure compliance with this principle in relation to BBSW. This is outlined in Section 4 of the BBSW Control Framework.</p>
<p>Principle 5 - Governance – Internal Oversight:</p> <p>Administrators should establish an oversight function to review and provide challenge on all aspects of the Benchmark determination process. This should include consideration of the features and intended, expected or known usage of the Benchmark and the materiality of existing or potential conflicts of interest identified. The oversight function should be carried out either by a separate committee, or other appropriate governance arrangements. The oversight function and its composition should be appropriate to provide effective scrutiny of the Administrator. Such oversight function could consider groups of Benchmarks by type or asset class, provided that it otherwise complies with this Principle. An Administrator should develop and maintain robust procedures regarding its oversight function, which should be documented and available to relevant Regulatory Authorities, if any. The main features of the procedures should be Made Available to Stakeholders.</p>	<p>ASX Benchmarks, in consultation with the BBSW Advisory Committee (see below), has oversight of all aspects of the benchmark determination process.</p> <p>ASX Benchmarks maintains an oversight function by way of the Benchmarks Oversight Steering Group and the BBSW Advisory Committee. Together these groups review all aspects of the benchmark determination process.</p> <p>The Benchmarks Oversight Steering Group is comprised of multiple business units including Legal, Business Development, Operations, Enterprise Compliance, Technology and Clearing Risk Oversight. The purpose of the Steering Group is to provide governance and oversight of the development and determination of BBSW. The Benchmark Oversight Steering Group is also responsible for the periodic review of the design of BBSW, and monitoring metrics, issues and risks to BBSW via the BBSW monthly dashboard presented to the steering group.</p> <p>Conflicts of interest reporting is a standing agenda item for both the Benchmark Oversight Steering Group and the BBSW Advisory Committee. The Benchmarks Oversight Steering Group considers any perceived or actual conflicts of interest and review conflicts handling arrangements.</p> <p>The BBSW Advisory Committee Is a committee established by ASX with representation from each invited external member (being the Prime Banks, Investors and Issuers). The Reserve Bank of Australia (RBA), Australian Securities and Investment Corporation (ASIC), the Australian Financial Markets Association (AFMA) and Australian Securitisation Forum (ASF) act as observers.</p> <p>The ASX BBSW Advisory Committee provides ongoing input and guidance on BBSW and advice concerning the ongoing review of the BBSW Conventions and BBSW Trade and Trade Reporting Guidelines. It provides a forum for users of bank accepted bills and negotiable certificates of deposit to provide feedback on and recommend changes to the BBSW calculation methodology.</p> <p>ASX Benchmarks believes that the composition of each committee is appropriate to provide adequate review and oversight of the BBSW determination process.</p>
<p>Principle 6 – Quality of the Benchmark – Benchmark Design:</p> <p>The design of the Benchmark should seek to achieve, and result in an accurate and reliable representation of the economic realities of the Interest it seeks to measure, and eliminate factors that might result in a distortion of the price, rate, index or value of the Benchmark. Benchmark design should take into account the following generic non-exclusive features, and other factors should be considered, as appropriate to the particular Interest: a) Adequacy of the sample used to represent the Interest; b) Size and liquidity of the relevant market (for example whether there is sufficient trading to provide observable, transparent pricing); c) Relative size of the underlying market in relation to the volume of trading in the market that references the Benchmark; d) The distribution of trading among Market</p>	<p>The design of the BBSW methodology has been developed and refined through engagement with key stakeholders via the BBSW Advisory Committee to ensure that the Benchmark is a reliable representation of the economic realities of the interest it seeks to measure.</p> <p>ASX maintains a waterfall calculation methodology that is comprised of three stages. Details of the waterfall methodology can be found in Section 4 of the ASX Bank Bill Swap (BBSW) Conventions and BBSW Methodology document located at: https://www2.asx.com.au/content/dam/asx/benchmarks/asx-bbsw-conventions.pdf</p> <p>In 2018, ASX Benchmarks introduced a transaction based layer to the BBSW Calculation Methodology in adherence with this principle. The Volume Weight Average Price (VWAP) methodology is based on eligible transactions in Prime Bank paper or NCDs that occur during the rate set window.</p> <p>In December 2020, ASX introduced the Weighted Least Squares Regression (WLSR) methodology to complement the VWAP methodology as the primary layer of the calculation waterfall. The WLSR methodology was introduced to increase the use of transaction data without compromising the integrity of the benchmark.</p>

<p>Participants (market concentration); e) Market dynamics (e.g., to ensure that the Benchmark reflects changes to the assets underpinning a Benchmark).</p>	<p>The secondary layer of the waterfall is the National Best Bid Best Offer (NBBO) Methodology. This methodology determines the rate by taking the average mid-point for valid bid/offer spreads provided by Prime Banks calculated over three sample periods.</p> <p>ASX further adheres to this principle by monitoring and assessing key metrics that indicate the performance of the methodology. These metrics are presented to the Benchmark Oversight Steering Group and to the BBSW Advisory Committee. These forums provide stakeholders the ability to discuss and test the relevance of the existing methodology.</p>
<p>Principle 7 - Quality of the Benchmark – Data Sufficiency:</p> <p>The data used to construct a Benchmark should be based on prices, rates, indices or values that have been formed by the competitive forces of supply and demand (i.e., in an active market) and be anchored by observable transactions entered into at arm’s length between buyers and sellers in the market for the Interest the Benchmark measures. This Principle recognizes that <i>Bona Fide</i> observable transactions in active markets provide a level of confidence that the prices or values used as the basis of the Benchmark are credible. Principle 7 does not mean that every individual Benchmark determination must be constructed solely from transaction data. Provided that an active market exists, conditions in the market on any given day might require the Administrator to rely on different forms of data tied to observable market data as an adjunct or supplement to transactions. Depending upon the Administrator’s Methodology, this could result in an individual Benchmark determination based predominantly, or exclusively, on bids and offers or extrapolations from prior transactions.</p> <p>The Principle also recognizes that various indices may be designed to measure or reflect the performance of a rule-based investment strategy, the volatility or behaviour of an index or market or other aspects of an active market. The Principle also does not preclude the use of non-transactional data for indices that are not designed to represent transactions and where the nature of the index is such that non-transactional data is used to reflect what the index is designed to measure. For example, certain volatility indices, which are designed to measure the expected volatility of an index of securities transactions, rely on non-transactional data, but the data is derived from and thus <i>anchored</i> in an actual functioning securities or options market.</p>	<p>The data used to construct BBSW is sufficient to accurately and reliably represent the Interest measured by BBSW and is:</p> <p>(a) based on prices, rates, indices or values that have been formed by the competitive forces of supply and demand in order to provide confidence that the price discovery system is reliable; and</p> <p>(b) anchored by observable transactions entered into at arm’s length between buyers and sellers for genuine business purposes.</p> <p>As detailed in Principle 6, ASX Benchmarks maintains compliance with this principle through the design of the BBSW waterfall methodology. The data inputs that are used to calculate the benchmark can be found in section 4.1 (“BBSW Calculation Waterfall”) of the ASX Bank Bill Swap (BBSW) Conventions and BBSW Methodology.</p> <p>The primary calculation layer in the methodology used to determine BBSW is based on all eligible primary and secondary market transactions in Prime Bank paper during the rate set window and reported to ASX Benchmarks, where the data meets the minimum criteria in the ASX Bank Bill Swap (BBSW) Conventions and BBSW Methodology document.</p> <p>The BBSW Trade and Trade Reporting Guidelines (https://www2.asx.com.au/content/dam/asx/benchmarks/asx-bbsw-trade-and-trade-reporting-guidelines.pdf) outline the obligations of traders, issuers and investors in Bank Paper in connection with the generation and administration of BBSW. The guidelines set out how eligible trades are to be reported to ASX Benchmarks to facilitate the timely calculation and publication of the benchmark. They are designed to ensure that a trusted, reliable and robust benchmark can be formed based on transactions that reflect genuine business purposes.</p>
<p>Principle 8 – Quality of the Benchmark – Hierarchy of Data Inputs:</p>	<p>The hierarchy of data inputs used to determine BBSW are detailed in the ASX Bank Bill Swap (BBSW) Conventions and BBSW Methodology. The conventions set out the conditions against which the market and data sufficiency are assessed. The conventions make clear</p>

<p>An Administrator should establish and publish or make available clear guidelines regarding the hierarchy of data inputs and exercise of Expert Judgment used for the determination of Benchmarks. In general, the hierarchy of data inputs should include: a) Where a Benchmark is dependent upon Submissions, the Submitters' own concluded arms-length transactions in the underlying interest or related markets; b) Reported or observed concluded Arm's-length Transactions in the underlying interest; c) Reported or observed concluded Arm's-length Transactions in related markets; d) Firm (executable) bids and offers; and e) Other market information or Expert Judgments</p>	<p>the application of the waterfall approach in determining BBSW for each tenor. The hierarchy requires the use of data based on arms-length transactions between buyers and sellers in priority to other data.</p> <p>In the event that transaction data is insufficient to calculate BBSW in accordance with the primary layer of the methodology, the waterfall methodology enables ASX Benchmarks to determine BBSW using other inputs (such as bids and offers where the data is sufficient). This is consistent with ASXB's approach to ensuring the quality, integrity, continuity and reliability of its benchmark determinations.</p> <p>ASX Benchmarks also maintains clear guidelines regarding the hierarchy of data inputs and the use of Expert Judgment where relevant. This is covered in Section 2.5 of the BBSW Final Stage Methodology and Code of Conduct at Appendix C of ASX Bank Bill Swap (BBSW) Conventions and BBSW Methodology.</p>
<p>Principle 9 – Quality of the Benchmark – Transparency of Benchmark Determinations:</p> <p>The Administrator should describe and publish with each Benchmark determination, to the extent reasonable without delaying an Administrator publication deadline: a) A concise explanation, sufficient to facilitate a Stakeholder's or Market Authority's ability to understand how the determination was developed, including, at a minimum, the size and liquidity of the market being assessed (meaning the number and volume of transactions submitted), the range and average volume and range and average of price, and indicative percentages of each type of market data that have been considered in a Benchmark determination; terms referring to the pricing Methodology should be included (i.e., transaction-based, spread-based or interpolated/extrapolated); b) A concise explanation of the extent to which and the basis upon which Expert Judgment if any, was used in establishing a Benchmark determination</p>	<p>ASX Benchmarks publishes each determination of BBSW rates for tenors 1- through to 6-month. ASX Benchmarks provides information in line with this principle to aid the transparency of the benchmark.</p> <p>The daily publication of BBSW (delayed 24 hours) can be found at the below location. The daily eligible volume and VWAP range of trades for each tenor are also published on the website.</p> <p>https://www2.asx.com.au/connectivity-and-data/information-services/benchmarks/benchmark-data/bbsw</p> <p>The calculation methodology used to determine each tenor is also made known to subscribers of BBSW who receive the benchmark via email distribution.</p> <p>For further information pertaining to how the rate is calculated using each methodology, refer to Section 4.1 of the ASX Bank Bill Swap (BBSW) Conventions and BBSW Methodology.</p>
<p>Principle 10 – Quality of the Benchmark – Periodic Review:</p> <p>The Administrator should periodically review the conditions in the underlying Interest that the Benchmark measures to determine whether the Interest has undergone structural changes that might require changes to the design of the Methodology. The Administrator also should periodically review whether the Interest has diminished or is non-functioning such that it can no longer function as the basis for a credible Benchmark. The Administrator should Publish or Make Available a summary of such reviews where material revisions have been made to a Benchmark, including the rationale for the revisions.</p>	<p>ASX Benchmarks continually monitors and assesses market conditions to determine whether the BBSW methodology remains appropriate to determine a credible benchmark. This is achieved through the maintenance and review of certain metrics that seek to measure the quality and credibility of the benchmark in line with this principle. These metrics are presented to the Benchmark Oversight Steering Group and BBSW Advisory Committee in order to identify ways in which to improve the existing methodology to ensure ASX maintains the quality of the benchmark.</p> <p>ASX Benchmarks also complies with this principle through publication of any consultation where material changes (as defined in the BBSW Conventions) are proposed to the methodology to ensure the ongoing quality and credibility of the benchmark.</p>

<p>Principle 11 – Quality of the Methodology – Content of the Methodology:</p> <p>The Administrator should document and Publish or Make Available the Methodology used to make Benchmark determinations. The Administrator should provide the rationale for adopting a particular Methodology. The Published Methodology should provide sufficient detail to allow Stakeholders to understand how the Benchmark is derived and to assess its representativeness, its relevance to particular Stakeholders, and its appropriateness as a reference for financial instruments.</p>	<p>ASX Benchmarks complies with this principle by making public the waterfall methodology used to make BBSW determinations. This can be found in Section 4 of the <i>ASX Bank Bill Swap (BBSW) Conventions and BBSW Methodology</i>.</p> <p>The calculation waterfall layer used for each BBSW determination is made publically available via:</p> <ul style="list-style-type: none"> • Subscribers of BBSW who receive a daily BBSW spreadsheet which details the method of publication of the day’s BBSW rate • For non-subscribers, a 24 hour delayed publication on the ASX website: https://www2.asx.com.au/connectivity-and-data/information-services/benchmarks/benchmark-data/bbsw <p>ASX Benchmarks also has policies and procedures in place should it be required that BBSW rates be determined on a submissions basis. The key document in this regard is the <i>BBSW Final Stage Methodology and Code of Conduct</i> at Appendix C of <i>ASX Bank Bill Swap (BBSW) Conventions and BBSW Methodology</i>.</p>
<p>Principle 12 – Quality of the Methodology – Changes to the Methodology:</p> <p>An Administrator should Publish or Make Available the rationale of any proposed material change in its Methodology, and procedures for making such changes. These procedures should clearly define what constitutes a material change, and the method and timing for consulting or notifying Subscribers (and other Stakeholders where appropriate, taking into account the breadth and depth of the Benchmark’s use) of changes. Those procedures should be consistent with the overriding objective that an Administrator must ensure the continued integrity of its Benchmark determinations. When changes are proposed, the Administrator should specify exactly what these changes entail and when they are intended to apply. The Administrator should specify how changes to the Methodology will be scrutinised, by the oversight function. The Administrator should develop Stakeholder consultation procedures in relation to changes to the Methodology that are deemed material by the oversight function, and that are appropriate and proportionate to the breadth and depth of the Benchmark’s use and the nature of the Stakeholders.</p>	<p>ASX Benchmarks has in place Stakeholder consultation procedures in relation to proposed changes to the BBSW methodology.</p> <p>As per Section 8 of the <i>ASX Bank Bill Swap (BBSW) Conventions and BBSW Methodology</i> (https://www2.asx.com.au/content/dam/asx/benchmarks/asx-bbsw-conventions.pdf) any material changes to the BBSW methodology require:</p> <ul style="list-style-type: none"> • Formal industry wide consultation • Consultation with the BBSW Advisory Committee • Administrator internal review and approval process • Advance notice of the change and implementation date via publication of a market notice and draft documentation on the ASX website.
<p>Principle 13 – Quality of the Methodology – Transition:</p> <p>Administrators should have clear written policies and procedures, to address the need for possible cessation of a Benchmark, due to market structure change, product definition change, or any other condition which makes the Benchmark no longer representative of its intended Interest. These policies and procedures should be proportionate to the</p>	<p>ASX Benchmarks has in place the <i>ASX Transition Policy and Procedure</i>, which covers the scenario where ASX Benchmarks may cease generating and administering BBSW.</p> <p>This document is made available to stakeholders upon request.</p> <p>The <i>ASX Transition Policy and Procedure</i> is proportionate to the estimated breadth and depth of contracts and financial instruments that reference BBSW and the economic and financial stability impact that might result from the cessation of BBSW.</p> <p>In accordance with Section 5 (Stakeholder Awareness) in the <i>ASX Transition Policy and Procedure</i>, ASX Benchmarks:</p>

<p>estimated breadth and depth of contracts and financial instruments that reference a Benchmark and the economic and financial stability impact that might result from the cessation of the Benchmark. The Administrator should take into account the views of Stakeholders and any relevant Regulatory and National Authorities in determining what policies and procedures are appropriate for a particular Benchmark. These written policies and procedures should be Published or Made Available to all Stakeholders.</p>	<p>a) Encourages participants to have robust fall back provisions written into their contractual documentation to address the cessation of, or material change to, the BBSW benchmark; and</p> <p>b) Explains that stakeholders should be aware of the possibility that various factors, including external factors beyond the control of ASX Benchmarks, might necessitate material changes to the BBSW benchmark.</p> <p>See Section 6.1 of the <i>BBSW Conventions</i> and the ASX website at: https://www2.asx.com.au/connectivity-and-data/information-services/benchmarks/benchmark-data/conventions-and-calculation-methodologies.</p> <p>Section 2 (alternative benchmark identification and transition) and Section 4 (Stakeholder engagement in the event of transition or cessation) in the <i>ASX Transition Policy and Procedure</i> covers the requirement of principle 13.</p>
<p>Principle 14 – Quality of the Methodology – Submitter Code of Conduct:</p> <p>The Administrator should develop guidelines for Submitters (“Submitter Code of Conduct”), which should be available to any relevant Regulatory Authorities, if any and Published or Made Available to Stakeholders. The Administrator should only use inputs or Submissions from entities which adhere to the Submitter Code of Conduct and the Administrator should appropriately monitor and record adherence from Submitters. The Administrator should require Submitters to confirm adherence to the Submitter Code of Conduct annually and whenever a change to the Submitter Code of Conduct has occurred. 26 The Administrator’s oversight function should be responsible for the continuing review and oversight of the Submitter Code of Conduct.</p>	<p>ASX Benchmarks maintains guidelines for submitters in the event that submissions are required to determine the BBSW. See the <i>BBSW Final Stage Methodology and Code of Conduct</i> at Appendix C of <i>ASX Bank Bill Swap (BBSW) Conventions and BBSW Methodology</i>. https://www2.asx.com.au/content/dam/asx/benchmarks/asx-bbsw-conventions.pdf</p>
<p>Principle 15 – Quality of the Methodology – Internal controls over Data Collection:</p> <p>When an Administrator collects data from any external source the Administrator should ensure that there are appropriate internal controls over its data collection and transmission processes. These controls should address the process for selecting the source, collecting the data and protecting the integrity and confidentiality of the data. Where Administrators receive data from employees of the Front Office Function, the Administrator should seek corroborating data from other sources.</p>	<p>ASX Benchmarks collects data from external sources (ATVs and Prime Banks). ASX Benchmarks has appropriate internal controls over its data collection and transmission process. The key documents in this regard are:</p> <ul style="list-style-type: none"> • Agreements that ASX Benchmarks has in place with each ATV, which set out the obligations of the parties including a range of provisions and requirements relating to ensuring the timely, accurate and consistent provision of data inputs • The <i>Prime Bank Conventions</i> which describe the protocols governing the selection of Prime Banks and the ongoing requirements that they must adhere to in order to maintain Prime Bank status. The Prime Bank Conventions set out reporting requirements for Prime Banks in relation to trading in Bank Paper • The <i>BBSW Trade and Trade Reporting Guidelines</i> which set out reporting requirements for trade reporting agents (ATVs) and trade reporting entities that are responsible for reporting Bank Paper transactions to a trade reporting agent. <p>ASX Benchmarks has security controls in place to ensure that the confidentiality of data transmitted to ASX Benchmarks is protected.</p>
<p>Principle 16 – Accountability – Complaints Procedure:</p>	<p>ASX Benchmarks makes publically available the <i>Benchmarks Complaints Policy</i> located at: https://www2.asx.com.au/content/dam/asx/participants/bbsw/asx-benchmarks-complaints-policy.pdf</p>

<p>The Administrator should establish and Publish or Make Available a written complaints procedures policy, by which Stakeholders may submit complaints including concerning whether a specific Benchmark determination is representative of the underlying Interest it seeks to measure, applications of the Methodology in relation to a specific Benchmark determination(s) and other Administrator decisions in relation to a Benchmark determination.</p>	<p>As set out in the policy, complaints relating to:</p> <ul style="list-style-type: none"> • whether a specific Benchmark determination is representative of the underlying Interest it seeks to measure, • application of the Methodology to a specific Benchmark determination • pricing and fee structures for access to a specific Benchmark • other Administration decisions in relation to a Benchmark determination <p>Complaints can be made through ASX’s complaints portal ; https://www2.asx.com.au/about/contact-asx/customer-feedback For a dispute specifically about the BBSW benchmark, stakeholders can contact ASXB Pricing at the details set out in the policy.</p>
<p>Principle 17- Audits:</p> <p>The Administrator should appoint an independent internal or external auditor with appropriate experience and capability to periodically review and report on the Administrator’s adherence to its stated criteria and with the Principles. The frequency of audits should be proportionate to the size and complexity of the Administrator’s operations. Where appropriate to the level of existing or potential conflicts of interest identified by the Administrator (except for Benchmarks that are otherwise regulated or supervised by a National Authority other than a relevant Regulatory Authority), an Administrator should appoint an independent external auditor with appropriate experience and capability to periodically review and report on the Administrator’s adherence to its stated Methodology. The frequency of audits should be proportionate to the size and complexity of the Administrator’s Benchmark operations and the breadth and depth of Benchmark use by Stakeholders.</p>	<p>BBSW is subject to an internal audit biennially. Internal audits undertaken are measured against the following:</p> <ul style="list-style-type: none"> • ASIC Financial Benchmark (Administration) Rules 2018 • ASIC Financial Benchmark (Compelled) Rules 2018 • Co-operative arrangements letter between ASIC and ASXB 25 June 2019 • IOSCO Principles for Financial Benchmarks 2013
<p>Principle 18 – Accountability – Audit Trail:</p> <p>Written records should be retained by the Administrator for five years, subject to applicable national legal or regulatory requirements on: a) All market data, Submissions and any other data and information sources relied upon for Benchmark determination; b) The exercise of Expert Judgment made by the Administrator in reaching a Benchmark determination; c) Other changes in or deviations from standard procedures and Methodologies, including those made during periods of market stress or disruption; d) The identity of each person involved in producing a Benchmark determination; and e) Any queries and responses relating to data inputs. If these records are held by a Regulated Market or Exchange the Administrator may rely on these records for compliance with this Principle,</p>	<p>In accordance with group wide ASX policy, all written records regarding BBSW determination are retained by ASXB for a period of seven years.</p> <p>This Principle is covered by the following ASX policies:</p> <ul style="list-style-type: none"> • <i>ASX Data Management Policy</i> • <i>ASX Data Retention Policy</i> • <i>ASX Data Handling Procedures</i>

<p>subject to appropriate written record sharing agreements.</p>	
<p>Principle 19 – Accountability - Cooperation with Regulatory Authorities:</p> <p>Relevant documents, audit trails and other documents subject to these Principles shall be made readily available by the relevant parties to the relevant Regulatory Authorities in carrying out their regulatory or supervisory duties and handed over promptly upon request.</p>	<p>ASX Benchmarks maintains up to date documentation for BBSW which can be made readily available to the relevant regulatory authorities.</p> <p>ASX provides information to ASIC and the RBA, subject to Corporations Act requirements, and any other regulators as required.</p>

Change Control

This document has been revised according to the table below:

Author	Comment	Effective date
ASX	Review of draft ASX BBSW Compliance with IOSCO Principles for Financial Benchmarks document.	04/02/2022

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