



# Statement of Compliance with IOSCO Principles – CitiFX Benchmark

Citibank, N.A. London Branch

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## **Introduction: Statement of Compliance**

Citibank N.A., London Branch (“**CBNA**”) develops, calculates and publishes a range of spot and forward currency fixings that aim to reflect independently sourced rates at pre-agreed times (collectively “**CitiFX Benchmark**”). The CitiFX Benchmark can be used by clients of CBNA and/or its subsidiaries and affiliates (collectively “**Citi**”) pursuant to the term of the Notice published on [www.citivelocity.com](http://www.citivelocity.com) or pursuant to the terms of a written license granted by Citi (hereinafter the “**users**”), to track positions, to gauge the performance of portfolios, for pricing contracts (spot and G10 forwards) or to assist in setting financial budgets.

Citi considers CitiFX Benchmark to fall within the definition of ‘Benchmark’ set out in the final report on “*Principles for Financial Benchmarks*” as published by the International Organization of Securities Commissions on July 17, 2013 (“**IOSCO Principles**”)<sup>1</sup>. Accordingly, CBNA is the Administrator of the CitiFX Benchmark for the purposes of this Statement of Compliance.

CBNA, as an established global financial institution, affirms the importance of the accuracy and integrity of Benchmarks in the pricing of financial contracts and, more generally, financial markets. CBNA is committed to operating the CitiFX Benchmark in accordance with the IOSCO Principles and other relevant industry standards and has taken proactive steps in response to new industry and regulatory standards on financial benchmarks.

This Statement of Compliance seeks to describe the extent of CBNA’s compliance with the IOSCO Principles with respect to the CitiFX Benchmark. As contemplated by the IOSCO Principles, in assessing the extent of CBNA’s compliance, CBNA has sought to implement the IOSCO Principles in a manner proportionate to the size and risks posed by each Benchmark and/or the Administrator and CitiFX Benchmark setting process.

For the avoidance of doubt, this Statement of Compliance is not intended to cover benchmarks owned and calculated by other business areas of Citi, including, but not limited to, benchmarks which may include FX as a component and where such benchmarks are administered by Citi, which shall be covered by separate Statements of Compliance where relevant.

The content of this Statement of Compliance follows the order of the IOSCO Principles and serves as a summary of CBNA’s control framework. Further information regarding CBNA, the CitiFX Benchmark, and this Statement of Compliance are available upon request.

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<sup>1</sup> Capitalised terms used in this document, but not defined, shall have the meaning ascribed to such terms in the IOSCO Principles.

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## Section 1: Overall Responsibility of the Administrator

CBNA, as Administrator, is responsible for the following aspects of the benchmark administration process:

- **Development:** CBNA, through its Front Office Functions, develops a number of methodologies to calculate currency fixings as part of the Citi Markets and Securities Services division, within the Global Foreign Exchange & Local Markets (“**FXLM**”) business unit. CBNA retains all intellectual rights and ownership of CitiFX Benchmark.
- **Determination and dissemination:** CBNA is responsible for (i) implementing CitiFX Benchmark in line with the defined Methodology; and (ii) the ongoing determination, publication and maintenance of CitiFX Benchmark.
- **Operation:** CBNA is responsible for the ongoing operation of CitiFX Benchmark including taking appropriate contingency measures in the event of absence of sufficient inputs, market stress or disruption, failure of critical infrastructure and in the limited circumstances where CBNA, as Administrator, may exercise Expert Judgment. Any contingency measures that are not directly addressed in the Methodology shall be subject to the Administrator’s process for the exercise of Expert Judgment.
- **Governance:** The *FXLM Benchmarks Oversight Committee* (“**Oversight Committee**”) provides governance and internal oversight in respect of all aspects of CBNA’s CitiFX Benchmark administration activity. The responsibilities of the Oversight Committee include, without limitation, overseeing CitiFX Benchmark administration activity undertaken by CBNA personnel, including reviewing and challenging all aspects of (i) Benchmark design; (ii) the integrity of CitiFX Benchmark determination processes; and (iii) relevant control frameworks. The roles and responsibilities of the Oversight Committee are further described in Section 5.

## **Section 2: Oversight of Third Parties**

CBNA manages all aspects of the CitiFX Benchmark determination process and does not outsource responsibility for the CitiFX Benchmark determination processes to any third parties.

However, CBNA does collect data inputs from external parties (e.g., market data providers, regulated markets and brokers) for the CitiFX Benchmark determination process. Such relationships are governed by contracts that set out the roles and obligations of these providers. CBNA does not consider these providers as "third parties" as described within the IOSCO Principles.

Therefore, the oversight requirement described in Principle 2 of the IOSCO Principles does not apply to CBNA.

### **Section 3: Conflicts of Interest for Administrators**

During the normal course of business, CBNA performs a number of roles in respect of Benchmarks, including designing CitiFX Benchmark and acting as Administrator. In addition, Citi, through Front Office Functions, structures, offers, sells, issues and enters into financial products referencing CitiFX Benchmark and may undertake hedging transactions in respect of CitiFX Benchmarks. Owing to the multiple roles that Citi plays with respect to CitiFX Benchmark, potential conflicts of interest may arise.

Citi policy sets out a framework for the management of conflicts of interest for all employees globally (including all CBNA personnel). Furthermore Citi employees involved with CitiFX Benchmark are required to sign an attestation that they will work, without influence or coercion, in accordance with Citi policies, procedures and relevant regulation, principles, guidelines and other relevant standards recommended by international industry bodies and regulators from time to time that Citi has adopted and ensure compliance with the Citi Global Financial Benchmark Administration Policy and the Citi Employee Code of Conduct.

CBNA has developed procedures tailored to the level of existing or potential conflicts of interest identified and the level of risk associated with CitiFX Benchmark. These procedures are designed to protect the integrity and independence of CBNA's Benchmark determination process and ensure that CBNA can appropriately identify, disclose, manage, mitigate or avoid existing or potential conflicts of interest and that appropriate escalation procedures are in place.

CBNA has organised the management and supervision of its CitiFX Benchmark Administration activity in a manner which seeks to manage and mitigate conflicts of interests that may arise . CBNA separates the administration and determination functions for CitiFX Benchmark from direct supervision and control of the Front Office Functions with trading responsibilities. To this end:

- the team responsible for carrying out the administration and determination functions of CBNA in relation to CitiFX Benchmark is separated from the FXLM trading teams both by seat location and by reporting line (although both the team responsible for administration activity and FXLM trading team ultimately report into the Global Head of FXLM);
- the goals, rewards and incentives for personnel involved in the administration and determination of CitiFX Benchmarks are not directly or indirectly tied to the performance of the fixings comprising CitiFX Benchmark;
- a conflicts of interest log has been implemented for CBNA and is periodically reviewed by the Oversight Committee in order to assess the effectiveness of current conflicts of interest mitigation and identify new conflicts or potential conflicts;
- the Benchmark Administrator discloses material 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;

- the Administrator expects its personnel to conduct their business activities in line with processes and procedures established in relation to the administration of CitiFX Benchmark and in accordance with the Citi Code of Conduct, other internal policies and relevant laws; and
- in limited circumstances, regarding CitiFX Benchmark and in accordance with the applicable Methodology, Expert Judgment may be applied. Any such Expert Judgment is subject to a number of internal procedures, controls and criteria established to mitigate any conflict of interest which may arise.

Further details of CBNA's CitiFX Benchmark Administration controls and processes are described in the remainder of this Statement of Compliance including, without limitation, Sections 4, 5, 7, 8 and 15.

#### **Section 4: Control Framework for Administrators**

CBNA has developed a control framework that documents the controls in respect of CitiFX Benchmark design, determination, publication and ongoing maintenance, as well as the policies and procedures, training and IT systems that support the overall control environment. The control framework is subject to periodic review by the Oversight Committee.

**Conflicts of Interest:** CBNA, as Administrator, maintains organizational and administrative arrangements (including policies and procedures) to identify, manage, mitigate or avoid existing or potential conflicts of interests that may arise from the process of Benchmark Administration (please refer to Section 3).

**Internal Oversight:** CBNA is focused on managing risk (including operational risk) associated with its CitiFX Benchmark Administration related activities. To this end, the Oversight Committee provides governance and oversight of CitiFX Benchmark administration activities. The Oversight Committee is composed of representatives from a number of CBNA's Front Office Functions and risk/control functions (please refer to Section 5).

**Escalation and Whistleblowing:** All CBNA personnel are required to comply with the Citi Code of Conduct, which sets the expectation that personnel will, and encourages personnel to, escalate all possible violations of a law, regulation, Citi policy or ethical standards. The Citi Code of Conduct outlines Citi's expectations as to what should be reported and how such reporting should take place. There are multiple mechanisms available for Citi employees to raise concerns (including a whistleblowing mechanism) to the Citi Ethics Office, including via telephone, email, website, mail and facsimile.

**Benchmark Complaints Procedures:** Complaints regarding CitiFX Benchmark shall be handled in line with the Citi internal complaints procedures for receiving and investigating complaints. Citi policy requires CBNA, as Administrator, to follow specific procedures in relation to complaints received in respect of CitiFX Benchmark. CBNA encourages users of CitiFX Benchmark to initially address any concerns or complaints in respect of CitiFX Benchmark to their Citi sales representative. CBNA seeks to resolve any complaints on a timely and fair basis (please refer to Section 16).

**Benchmark Administration Process:** CBNA maintains procedures for the ongoing determination, publication and maintenance of CitiFX Benchmark. The CitiFX Benchmark Methodology discloses the determination process for the CitiFX Benchmark including, without limitation, the data inputs and their sources, and the determination methodology. In addition, CitiFX Benchmark Methodology contains a description of the consequences of market stress or disruption events for the determination of the Benchmarks, including the use of Expert Judgment. Please refer to Sections 6 to 15 (inclusive) for further details.

**Maintenance, Periodic Review and Communication:** CitiFX Benchmark is subject to periodic review to gauge whether relevant fixings remain fit-for-purpose. During the review, CBNA shall consider a number of factors relevant to CitiFX Benchmark including the original design considerations, determination methodologies, data inputs, Stakeholders feedback (including



complaints) and audit findings. In the event that CBNA determines that the CitiFX Benchmark Methodology should be modified or a relevant fixing of CitiFX Benchmark is no longer suitable, the Oversight Committee must approve any modification or discontinuation and notify Stakeholders accordingly (please refer to Sections 12 and 13 respectively).

**Information Published and Made Available:** The CitiFX Benchmark Methodology is made available on [www.citivelocity.com](http://www.citivelocity.com).

**Expertise:** CBNA has implemented measures to ensure that all CBNA personnel involved in CitiFX Benchmark Administration possess the necessary levels of expertise and competence and are subject to periodic performance reviews and assessments.

All CBNA personnel involved in CitiFX Benchmark Administration type activities are required to complete training on CitiFX Benchmark Administration pursuant to Citi policy relevant to the activity that such personnel undertakes. In addition, all new employees are subject to certain Citi-wide training courses on matters such as ethics, compliance and information security

**Audit and Accountability:** CBNA, as Administrator, is subject to review by the Citi internal audit division in line with the appropriate risk based audit cycle and maintains written records of key data, events, procedures and other documents for audit and regulatory purposes (please refer to Sections 17 to 19 inclusive).

## Section 5: Internal Oversight

The Oversight Committee is the oversight function in respect of CitiFX Benchmark Administration and is responsible for providing internal oversight, reviewing and challenging on all aspects of:

- **Benchmark design:** reviewing and approving the launch of new CitiFX Benchmark, fixings or amendment and cessation of same (as the case may be);
- **Integrity of Benchmark determination processes:** overseeing the use of Expert Judgment; reviewing and considering regulatory, operational and franchise risks and issues; the nature and sources of CitiFX Benchmark data inputs, the Methodology, and the identification and management of existing or potential conflicts of interest; and
- **Integrity of control frameworks:** overseeing the effectiveness of governance and controls over the key aspects of the CitiFX Benchmark determination process including, without limitation, (i) oversight of operational measures designed to mitigate conflicts of interest, (ii) overseeing the exercise of Expert Judgment, (iii) overseeing the appropriateness of existing CitiFX Benchmark through periodic review of CitiFX Benchmark fixings and their Methodology (please refer to Section 10), (iv) considering audit findings relating to CitiFX Benchmark Administration activities, and (v) overseeing any modifications to be made to, or the discontinuation of a CitiFX Benchmark fixing (please refer to Sections 12 and 13 respectively).

The Oversight Committee shall also seek to remain informed on issues and risks to CitiFX Benchmarks and shall be consulted in respect of any complaints received.

The chair persons of the Oversight Committee (**Chair**) are appointed by CBNA with particular regard to their experience and seniority from Citi's risk/control functions.

In order to provide effective challenge and governance, the Oversight Committee is composed of individual representatives (or their designees) from certain relevant FXLM business groups and risk/control functions that have been (i) nominated by their respective business or risk and control function, and (ii) accepted by the Chair(s).

The composition of the Oversight Committee is such that it provides a balanced representation of a range of internal stakeholders, and is designed to mitigate any potential conflicts of interest.

Each individual member shall have (i) an appropriate level of seniority and experience to participate as members of the Oversight Committee, and (ii) knowledge and expertise relating to the Front Office Function or risk/control function represented by the relevant individual, in each case as determined by the relevant Front Office Function or risk/control function and subject to review by the Chair.

An individual Member of the Oversight Committee may be removed by the Chair or by the Front Office Function or risk/control function which the individual represents. A new member may be nominated and accepted in line with the criteria described above.

## Section 6: Benchmark Design

CitiFX Benchmark is a series of spot rate and forward rate fixings in multiple currencies developed by CBNA through its Front Office Functions and generated through the Benchmark Pricing Engine (“**BPE**”) using an algorithm which determines a mid-rate between the bid-ask quotes sourced from liquid data sources selected for each currency (the “**Inputs**”). CitiFX Benchmark is designed to select this mid-rate from a minimum of one source and a maximum of three sources for spot rates, and from a minimum of one source a maximum of ten sources for forward rates.

Fixings are made available to users at specified set times during the global business day and follow a systematic set of documented procedures.

The considerations which are factored into the design of the CitiFX Benchmark include the following:

- **Relevance and comprehensiveness:** CitiFX Benchmark aims to include all currencies that are realistically available to market participants under normal market conditions. Should there be insufficient or unreliable observable pricing in the relevant market, a currency covered by CitiFX Benchmark may be published and made available as indicative only (please refer to Sections 8 and 9).
- **Simple and objective selection criteria:** A clear and definable objective governs the inclusion of currencies within the CitiFX Benchmark universe.

In assessing these design considerations, the underlying components of the proposed CitiFX Benchmark are considered by reference to (i) the adequacy of the components used to represent the relevant Interest; (ii) the size and liquidity of the relevant market (for example whether there is sufficient trading to provide observable, transparent pricing); (iii) the relative size of the underlying market in relation to the anticipated volume of trading in the currency pair; (iv) the distribution of trading (market concentration); and (v) market dynamics.

## Section 7: Data Sufficiency

CBNA aims to use Inputs deemed sufficient to accurately and reliably represent the Interests measured by CitiFX Benchmark that are based on prices, rates, indices and/or values that have been formed based on competitive forces of supply and demand and that are anchored by observable transactions entered into at arm's length in the underlying market.

Inputs used in the determination of CitiFX Benchmark include the following non-exhaustive sources:

- For **spot rates** Inputs are selected among recognised data providers for the relevant currency and are determined based on a minimum of one and a maximum of three sources.
- For **forward rates** Inputs are selected among broker quotes in the relevant market and are determined based on a minimum of one and a maximum of ten sources for the following **tenors**;

T/N, S/N, 1W, 2W, 3W, 1M, 2M, 3M, 4M, 5M, 6M, 7M, 8M, 9M, 10M, 11M, 1Y, 15M, 18M, 21M & 2Y ("**Standard Tenors**").

- Outside of the Standard Tenors, Inputs for forward rates are sourced internally by CBNA ("**House Rates**"). House Rates are not created for the specific purpose of launching or determining a CitiFX Benchmark but are determined and used by Citi in the ordinary course of its business.

Inputs and their sources are periodically reviewed by the Administrator to ensure that they remain sufficiently representative of the market.

Selection of Inputs and their use in the determination of CitiFX Benchmark are further described in the CitiFX Benchmark Methodology document (refer to Section 11).

The Administrator may exercise its Expert Judgment to override a CitiFX Benchmark determination. Expert Judgment may be used in instances where market activity and observability has deteriorated over time or to the extent that the observed Inputs are no longer reliable. In such instances, a CitiFX Benchmark may be marked as non-tradeable and published as indicative only (please refer to Sections 8 and 9). Currencies can also be added or removed from tradeable status based on market depth, volatility and pricing availability in relation to any rate fixing on any day.

## **Section 8: Hierarchy of Data Inputs**

### **Data Input Hierarchy**

CBNA, as Administrator of CitiFX Benchmark, aims to source **spot rates** from data providers that reflect the most liquid market values based on reported and/or observed principal to principal transactions in the relevant market which are by their nature at arm's length. For each currency published by CitiFX Benchmark, Inputs are ranked as primary, secondary and tertiary sources based on Expert Judgment. An algorithm then runs tolerance checks at each fixing time; based on pre-defined criteria for each currency pair as more fully described in the CitiFX Benchmark Methodology.

CBNA, as Administrator of CitiFX Benchmark aims to source **forward rates** for **Standard Tenors** from broker quotes that reflect a liquid market based on reported or observed principal to principal transactions in the relevant market which are by their nature at arm's length. For each currency published, Inputs are allocated a weighting which is then used in an algorithmic logic to compute the "Weighted Broker Quote", and such weighting is allocated through the exercise of Expert Judgment. If the Weighted Broker Quote scenario cannot be applied the algorithm applies a waterfall of predefined alternative determination scenarios (which includes interpolation and the use of House Rates), as more fully described in the CitiFX Benchmark Methodology.

Ranking for spot rates and weightings for forward rates are periodically reviewed by the Administrator to ensure they remain appropriate based on the relevant currency pair.

As described in the Methodology, Inputs for forward rates for dates outside of the Standard Tenors are sourced internally by CBNA. House Rates are not created for the specific purpose of launching or determining a CitiFX Benchmark but are determined and used by Citi in the ordinary course of its business.

As described in Section 14 below, CitiFX Benchmark is not determined through the use of 'Submissions' (please refer to Section 14).

### **Market Disruption**

The CitiFX Benchmark Methodology contains a description of the consequences of market stress or disruption events on the determination of CitiFX Benchmark if such an event were to occur.

### **Expert Judgment**

In addition to the exercise of Expert Judgment described above in relation to Input selection, Expert Judgment can also be exercised in performing the relevant CitiFX Benchmark determination where (i) a market event is not fully anticipated or addressed in the CitiFX Benchmark Methodology or (ii) Inputs for a currency pair are unavailable or considered by CBNA to be unreliable pursuant to the Methodology.

Expert Judgment will be exercised (i) in good faith and in a commercially reasonable manner, (ii) to the extent practicable, reflecting the commercial objective of the relevant CitiFX Benchmark fixing and market practice, and (iii) to the extent practicable, in a manner which promotes

consistency in the exercise of Expert Judgment and the making of determinations in respect of CitiFX Benchmark as a whole (please refer to Sections 9 and 11).

## **Section 9: Transparency of Benchmark Determinations**

CitiFX Benchmark determinations are governed by rules described in the CitiFX Benchmark Methodology (please refer to Section 11). The CitiFX Benchmark Methodology provides an understanding of how the CitiFX Benchmark rate is determined and on the circumstances Expert Judgment is exercised.

CBNA communicates material departures from the CitiFX Benchmark Methodology to clients via [www.citivelocity.com](http://www.citivelocity.com).

## **Section 10: Periodic Review**

The Administrator shall periodically review the CitiFX Benchmark for the purpose of assessing:

- whether there have been any changes in the underlying components or Interest referenced by CitiFX Benchmarks which may mean that such components or Interest are no longer adequately represented by CitiFX Benchmark in relation to one or more fixings in the manner originally intended; and
- whether CitiFX Benchmark remains fit-for-purpose and within the capacity limits anticipated.

The frequency of review will vary by CitiFX Benchmark fixing depending on relevant factors including the frequency of any operational items which have been noted, Stakeholder feedback (including complaints), audit findings, and as may be requested by the Oversight Committee.

The Oversight Committee shall consider the findings following periodic review of each CitiFX Benchmark fixing.

Any proposed changes to a Benchmark Methodology arising from this review will be subject to the process described in Section 12.

In addition, in relation to CitiFX Benchmark, an external auditor is engaged by the Administrator to perform a quarterly review of Input changes, use of House Rates and exercise of Expert Judgment.



## **Section 11: Content of the Methodology**

The methodology for CitiFX Benchmark is described in the CitiFX Benchmark Methodology document which is available on [www.citivelocity.com](http://www.citivelocity.com) (or on request) and governs the whole CitiFX Benchmark family given the identical characteristics of the covered currencies and fixings.

The CitiFX Benchmark Methodology is designed to enable potential users of the CitiFX Benchmark and other Stakeholders to assess and review the characteristics of CitiFX Benchmark (including its objectives, technical methodology and parameters).

The CitiFX Benchmark Methodology describes the determination Methodology including, without limitation, Inputs selection, the ranking and weighting methodology and the determination methodology, including definitions of key terms and concepts. In addition, the document contains a description of the consequences of market stress or disruption events for determination of CitiFX Benchmark. However, users and Stakeholders of CitiFX Benchmark are responsible for making their own decisions in using CitiFX Benchmark based on their limitations.

CBNA periodically reviews the CitiFX Benchmark Methodology to ensure accuracy and completeness (please refer to Section 10).

Similarly, the CitiFX Benchmark Methodology does not explicitly describe the circumstances in which CBNA may consult with Stakeholders. However, the circumstances in which CBNA may consult with Stakeholders, as appropriate, are outlined in Principles 12 and 13 of this Statement of Compliance.

## **Section 12: Changes to the Methodology**

CitiFX Benchmark is continually evolving. There is a formal process for changes to the CitiFX Benchmark Methodology. In such circumstances, the Administrator shall follow documented procedures which are proportionate to the size and risks of CitiFX Benchmark and involve three phases: discovery, planning and execution.

**Discovery:** CBNA, as the Administrator, will endeavor to resolve such ambiguities, errors and omissions using Expert Judgment and may, in consultation with the Oversight Committee, amend the CitiFX Benchmark Methodology to reflect the resolution of such ambiguity, error or omission in accordance with documented procedures. In so doing, CBNA shall assess the potential impact such change may have on users and Stakeholders and, if deemed appropriate and proportionate to the nature of the rate fixing, might seek to undertake a survey of Stakeholders for feedback on the proposed amendment to the Methodology. Any such decision to survey Stakeholders shall be taken in consultation with the Oversight Committee.

**Planning:** CBNA, as the Administrator, shall consider (i) the potential impact on users and Stakeholders, (ii) whether a change to the CitiFX Benchmark Methodology is necessary to ensure that the CitiFX Benchmark continues to be an accurate and reliable representation of the economic realities of the Interest it seeks to measure, and (iii) any feedback received from Stakeholders following a survey, if necessary.

**Execution:** CBNA, as the Administrator, is responsible for consulting with the Oversight Committee with regard to any proposal to amend the CitiFX Benchmark Methodology and may liaise with other teams within Citi with regard to obtaining Stakeholder feedback. The Oversight Committee monitors all three phases of the process and must approve amendments to the Methodology.

The process to change the Methodology is described within the CitiFX Benchmark Methodology document, which is available on [www.citivelocity.com](http://www.citivelocity.com) (or on request).

Where relevant pursuant to the CitiFX Benchmark Methodology, CBNA shall provide notification to users and Stakeholders of its determination to amend the Methodology.

### **Section 13: Transition**

To address the need for a possible cessation of a CitiFX Benchmark (including, without limitation, as a consequence of changes in the underlying components or Interest referenced by the CitiFX Benchmark fixing which may mean that such components or Interest are no longer adequately represented by the CitiFX Benchmark fixing in the manner originally intended), the Administrator shall follow documented procedures which are proportionate to the size and risks of the CitiFX Benchmark and involve three phases: discovery, planning and execution.

**Discovery:** CBNA, as the Administrator, shall assess the potential impact a cessation of a CitiFX Benchmark fixing may have on relevant users and Stakeholders and, if deemed appropriate and proportionate to the nature of the CitiFX Benchmark fixing, shall arrange for a survey of one or more Stakeholders to be undertaken for feedback. Any such decision to survey users and Stakeholders should be taken in consultation with the Oversight Committee.

**Planning:** CBNA, as the Administrator, shall consider (i) the potential impact on users and Stakeholders, (ii) any feedback received from users and Stakeholders, as deemed necessary, (iii) any criteria that seeks to match, to the extent possible, the existing CitiFX Benchmark fixing's characteristics to guide the selection of a credible alternative, (iv) the extent to which users and Stakeholders may wish to transition to an alternative and, if so, the practicability of maintaining a parallel CitiFX Benchmark in order to accommodate an orderly transition to a new CitiFX Benchmark fixing, (v) the extent to which an alternative CitiFX Benchmark fixing is tradable, (vi) the procedures that it shall follow in the event that a suitable alternative cannot be identified, and (vii) timing aspects for transition to an alternative if necessary.

**Execution:** CBNA, as the Administrator, shall be responsible for consulting with the Oversight Committee with regard to any proposal to cease a CitiFX Benchmark fixing and may liaise with other teams within Citi with regard to obtaining users and Stakeholder feedback. The Oversight Committee oversees all three phases of the process and must approve any cessation of a CitiFX Benchmark fixing.

CBNA shall provide reasonable notice to Stakeholders should it decide to discontinue the publication of a CitiFX Benchmark fixing.

**Section 14: Submitter Code of Conduct**

CBNA seeks to determine CitiFX Benchmark using Inputs sourced from third parties who provide a generic data service or price dissemination function without providing data for the purposes of determining CitiFX Benchmark. Accordingly CBNA does not consider these third parties to be Submitters or any of their data to be Submissions.

## **Section 15: Internal Controls over Data Collection**

Inputs used for the CitiFX Benchmark determination include reported or observed principal to principal transactions in the relevant market which are by their nature at arm's length, where necessary, House Rates and, in certain circumstances, Expert Judgment determinations. The control framework details the controls managing these Inputs.

The CitiFX Benchmark control framework ensures that adequate controls are in place such that all Inputs are considered appropriate to represent the Interest that CitiFX Benchmark is seeking to measure.

**Source selection process:** Inputs for CitiFX Benchmark vary according to the currency pair (please refer to Sections 7 and 8) and transaction type. The Administrator seeks to use Inputs from external and/or publicly available sources, capable of independent verification to the extent possible. However, where external Inputs are unavailable or deemed not reliable by the Methodology, House Rates are used as Inputs for forward rates.

Inputs that may be used, whether external or internal, are described in the CitiFX Benchmark Methodology and further addressed in Sections 7, 8, 9 and 11 of this Statement of Compliance.

**Collection of data:** CBNA has implemented a number of internal controls over the collection of Inputs. Such controls, which are subject to ongoing assessment and enhancement, are documented in the control framework and include, without limitation:

- validation processes for checking the accuracy and completeness of Inputs and escalation processes in respect of any inaccuracies identified;
- corroborating data using alternative sources where available; and
- recalculation of a sample of CitiFX Benchmark fixings across a period by an independent external auditor.

**Data integrity and Confidentiality:** in order to protect the integrity of Inputs used in the CitiFX Benchmark determination process, access to the production environment is restricted and reviewed periodically in line with CBNA's internal procedures.

## **Section 16: Complaints Procedures**

Complaints regarding CitiFX Benchmark shall be handled in line with the Citi internal complaints procedures for receiving and investigating complaints. CBNA seeks to address any complaints on a timely and fair basis.

Citi policy requires CBNA, as Administrator, to follow specific procedures in relation to complaints received in respect of CitiFX Benchmark. Any complaint received shall be recorded in a centralised log maintained by Citi Compliance

A Stakeholder should initially address any concern or complaint in connection with CitiFX Benchmark to its relevant Citi sales representative or via the 'Contact Us' section at [www.citigroup.com](http://www.citigroup.com).

Complaints may also be made in writing to: FXLM Benchmarks Oversight Committee, Citibank N.A. London Branch, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB.

In accordance with the procedures described above, any CBNA employee that receives a complaint in respect of CitiFX Benchmark is responsible for recording the complaint and escalating it to senior management and the Compliance department. Any complaint relating to the CitiFX Benchmark shall also be escalated to the Oversight Committee.

The Compliance department, in consultation with the Oversight Committee and relevant senior management (as deemed appropriate) shall seek to resolve any such complaint as soon as reasonably practicable.

All documents relating to a complaint, including those submitted by the complainant as well as CBNA's own records, are required to be retained for a minimum of five years, subject to applicable national legal or regulatory requirements (please refer to Section 18).

In the event that a complaint results in change to a CitiFX Benchmark determination, such change shall be notified to the relevant users or Stakeholders.

## **Section 17: Audits**

CBNA engages an external audit firm to conduct an annual audit of the security and technology controls supporting the BPE for CitiFX Benchmark, the results of which are made available on [www.citivelocity.com](http://www.citivelocity.com). As part of this engagement, the same auditor also performs quarterly reviews of the use of Expert Judgment in the CitiFX Benchmark determinations. The scope and frequency of the audits is presented to the Oversight Committee annually for review and approval.

CBNA activities are subject to review by the Citi internal audit division (“Internal Audit”) including CitiFX Benchmark in line with the appropriate risk based audit cycle. Internal Audit shall periodically audit CitiFX Benchmark, providing an independent and objective review regarding the effectiveness of governance, risk management and controls that mitigate current and evolving risks associated with the Benchmark Administration activity. Similarly, Front Office Functions are subject to separate periodic audit reviews covering the effectiveness of governance, risk management and controls by Internal Audit.

### **Section 18: Audit Trail**

Citi policies require the safeguarding of necessary documents and/or information for audits in accordance with legal and regulatory requirements.

Consequently, CBNA, as Administrator, shall seek to retain written records for at least five years (subject to applicable national legal or regulatory requirements), on:

- Inputs used in the determination of CitiFX Benchmark, including but not limited to: market data, and any other data and information sources relied upon;
- any exercise of Expert Judgment used in the determination of CitiFX Benchmark, including any deviation from standard procedures and methodologies (including those made during periods of market disruption);
- the identity of each person involved in the determination of CitiFX Benchmark;
- any queries relating to Inputs and any complaints (and their respective responses).



**Section 19: Cooperation with Regulatory Authorities**

CBNA is committed to cooperating with relevant regulatory authorities to improve the framework for benchmark regulation or to address an inquiry, subject to applicable legal or regulatory restrictions and contractual or confidentiality obligations.

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