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1 Cessation of a benchmark

SIX publishes together with the benchmark statement referred to in article 27 of the EU BMR, a procedure concerning the actions to be taken in the event of the cessation of a benchmark. The procedure may be drafted, where applicable, for families of benchmarks and shall be updated and published whenever a material change occurs.

1.1 External consultation

Where feasible, SIX aims to consult on all material methodology changes and potential cessation of indices with representatives of relevant clients and other stakeholder groups. This may either be accomplished through the Index Commissions or a broader market consultation. In addition, the Oversight Function may request an external consultation for methodology changes.

Product Management is responsible for evaluating the necessity for consulting the Index Commissions, clients and/or any other external stakeholders.

The time frame for an external market consultation will be determined by Index Management and is dependent on the materiality of the methodology change or the impact of the potential cessation of a Benchmark. The default notice period for an external consultation is one month.

A summary of the market consultations’ comments and SIX’ summary response to those comments must be made accessible to all stakeholders after any given consultation period, except where the commenter has requested confidentiality.

1.2 Responsibilities and approvals

Due to changing economic or regulatory realities, market demand or internal product offering strategies, SIX must periodically evaluate the need for the following:

- Benchmark transition: Launching of a new benchmark that is supposed to replace an old benchmark;
- Benchmark cessation: Permanent discontinuation of the dissemination and publication of a benchmark without offering a replacement.

The detailed process of how a benchmark is decommissioned and the corresponding internal controls are outlined in the Control Framework under “Benchmark Cessation/Transition”.

In general, any function in the department can identify the need and submit a proposal for the decommissioning of a benchmark to Product Management. Product Management evaluates the request for a cessation according to the above criteria.

Before the cessation of a benchmark, SIX must always determine whether there are any listed financial products issued on that benchmark as the underlying.

SIX will only terminate benchmarks provided that:

- All existing (to SIX knowledge) commercial clients have been consulted and commercial relationships have been terminated or transitioned accordingly.
- Consultations with stakeholders have not led to the decision to continue the benchmark.

SIX must give sufficient notice to ensure that all stakeholders have sufficient time to adjust accordingly.

- The time frame will be determined by Index Management and is dependent on the materiality of the cessation. The default notice is one month.
- The rationale for the cessation or transition of a benchmark must be documented.
• SIX is not responsible for determining or offering an alternative benchmark when a benchmark is decommissioned.

Approvals according to the governance processes for the cessation or transition of a benchmark are needed. The Oversight Function is involved according to its Terms of Reference and reviews and approves the process for the cessation of a benchmark, including a consultation about a cessation.

1.3 Nomination of alternative benchmarks

When ceasing a benchmark without transition, SIX must consider whether to nominate other alternative credible benchmarks to clients and other stakeholders. Product Management is responsible for evaluating and making such nominations. Product Management must consider such criteria as the characteristics of the discontinued benchmark, differences between benchmarks, the extent to which an alternative benchmark meets the needs of the client or other stakeholder, whether the alternative benchmark is deemed to be investable, availability of transparent transaction data, impact on clients and other stakeholders and impact of existing benchmark regulation.

1.4 Transition of a benchmark

A benchmark transition involves launching a new benchmark that is replacing an existing benchmark. For the launch of a new benchmark due to a transition, the same principles apply as for developing a new benchmark. For details on the consultation with the relevant stakeholders see chapter 1.1

1.5 Process for the cessation of a benchmark

A benchmark cessation is the permanent discontinuation of the dissemination and publication of a benchmark without offering a replacement.

1.5.1 Benchmark without listed financial products

For the cessation of a benchmark or benchmark family for which, to the knowledge of SIX, no listed financial products are issued in the market, no consultation is required.

Product Management is responsible to plan and coordinate the communication of the benchmark decommissioning. Product Management is responsible for informing clients or other stakeholders about a cessation or transition of a benchmark at least three months in advance if feasible.

1.5.2 Benchmark with listed financial products

For the cessation of a benchmark or benchmark family for which, to the knowledge of SIX, listed financial products are issued in the market, a market consultation is required, if possible, in which SIX approaches the Index Commission, clients and stakeholders and proposes alternative indices.

Product Management is responsible to plan and coordinate the consultation. An appropriate duration of the consultation must be approved by Index Management. For details on the consultation with the relevant stakeholders see chapter 1.1
1.5.3 **Contractual fallback provisions**

It must be ensured that all contracts with third-parties indicate that SIX has the right to materially change or decommission a benchmark at any time and that, for such cases, clients or other stakeholders who have financial instruments that refer to the benchmark are responsible for implementing robust fallback provisions (e.g., early redemption of the financial instruments issued on the benchmark).

2 **Publication**

2.1 **Publication about cessation of a benchmark**

Product Management is responsible for informing clients and other stakeholders about a cessation or transition of a benchmark at least three months in advance if feasible. For a cessation of a benchmark with listed financial products clients need to be informed at least six months in advance due to contractual obligations.

A publication on the website and an email to clients and other stakeholders must be issued giving detailed information about the nature and rationale of the cessation and transition as well as the date on which a benchmark is decommissioned. Clients or other stakeholders must be informed that there will be no replacement of the benchmark and whether SIX suggests the use of alternative benchmarks.