

NORDIC BOND PRICING

COMPLIANCE STATEMENT

Background

This document represents the Compliance Statement pursuant to Article 26(3) of Regulation (EU) 2016/1011 (the "Benchmark Regulation" or "BMR") of Nordic Bond Pricing AS ("NBP"), an administrator of non-significant benchmarks. The table in Section B contains a list of the provisions of the BMR that NBP has chosen not to apply, accompanied by an explanation for each provision stating why it is not appropriate for NBP to comply with it. This Compliance Statement has been drawn up in accordance with the template for the compliance statement in Annex II of the Commission Implementing Regulation (EU) 2018/1106.

A. General information

1. Date of creation of the Compliance Statement and, where applicable, of the latest update to it	1. Created: May 26. 2020 Last Updated: May 26. 2020
2. Name of the administrator	Nordic Bond Pricing AS company registration number 911 647 885

B. Specific information

Nordic Bond Pricing AS chooses to not apply the following provisions of Regulation (EU) 2016/1011 in respect of the non-significant benchmark or non-significant benchmarks identified below.

The benchmark or benchmarks in respect of which the provision(s) do not apply.	The following provisions do not apply for all benchmarks published by NBP.
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Regulation	Reasons for not to comply
Article 4 Governance and conflict of interest requirements	
<p>BMR 4(2)</p> <p>The provision of a benchmark shall be operationally separated from any part of an administrator's business that may create an actual or potential conflict of interest.</p>	<p>NBP is of the view that there are not conflicts of interest between the Evaluated Price Services and the Index Services that warrant organisational separation.</p> <p>Due to the size of the organisation, employees are involved in evaluated pricing and index provision interchangeably. It will therefore be ineffective to implement organisational barriers, and these costs are not proportionate as there are not conflicting interests between these business lines.</p>
<p>BMR 4(8)</p> <p>An administrator shall establish specific internal control procedures to ensure the integrity and reliability of the employee or person determining the benchmark, including at least internal sign-off by management before the dissemination of the benchmark.</p>	<p>A "four-eyes" principle is not appropriate for NBP's automated processes in the provision and dissemination of any of its benchmarks. This is because NBP relies heavily on automated processes designed to ensure the integrity and reliability of the provision and dissemination of NBP benchmarks.</p>

Regulation	Reasons for not to comply
Article 5 Oversight function requirements	
<p>BMR 5(3)(c)</p> <p>The oversight function shall operate with integrity and shall have the following responsibilities, which shall be adjusted by the administrator based on the complexity, use and vulnerability of the benchmark: (c) overseeing the administrator's control framework, the management and operation of the benchmark, and, where the benchmark is based on input data from contributors, the code of conduct referred to in Article 15;</p>	<p>NBP has elected to establish an oversight function with strong qualifications relevant for quality assurance of its methodologies. Overseeing NBP's control and governance framework requires a different set of qualifications that what is relevant for evaluating benchmark methodology.</p> <p>NBP has instead established a compliance function as well as an internal audit function that are tasked with overseeing NBP's control and governance framework.</p> <p>With regards to oversight over contributors, the benchmark constituents are priced using NBP's own evaluated pricing data. The benchmarks are not based on input from contributors.</p>
<p>BMR 5(3)(e)</p> <p>The oversight function shall operate with integrity and shall have the following responsibilities, which shall be adjusted by the administrator based on the complexity, use and vulnerability of the benchmark: (e) overseeing any third party involved in the provision of the benchmark, including calculation or dissemination agents;</p>	<p>NBP does not include any third parties in:</p> <ol style="list-style-type: none"> 1) data collection or analysis; 2) computation or calculation of the official index levels <p>These responsibilities are therefore not relevant for NBP's oversight function.</p> <p>Although NBP has outsourced services relevant to the dissemination of its benchmarks, NBP takes the view that its business line is best suited to oversee the third party's performance.</p>
<p>BMR 5(3)(f)</p> <p>The oversight function shall operate with integrity and shall have the following responsibilities, which shall be adjusted by the administrator based on the complexity, use and vulnerability of the benchmark: (f) assessing internal and external audits or reviews, and monitoring the implementation of identified remedial actions;</p>	<p>As noted in our response to BMR 5(3)(c) above, NBP's considers that overseeing its governance frameworks would require qualifications that are not compatible with an oversight function that is appropriately skilled to evaluate its benchmark methodology.</p>

Regulation	Reasons for not to comply
Article 11 Input data	
<p>BMR 11(1)(b)</p> <p>The provision of a benchmark shall be governed by the following requirements in respect of its input data: (b) the input data referred to in point (a) shall be verifiable;</p>	<p>The constituents in NBP's benchmarks are priced using NBP's evaluated bond prices, which are determined using an element of expert judgement. As such, these data sets are not strictly objective in nature and therefore not fully verifiable.</p>
<p>BMR 11(2)(b)</p> <p>Administrators shall ensure that their controls in respect of input data include: (b) a process for evaluating a contributor's input data and for stopping the contributor from providing further input data, or applying other penalties for non-compliance against the contributor, where appropriate; and</p>	<p>Not applicable as NBP does not utilise input data received from contributors when determining benchmark values.</p>
<p>BMR 11(2)(c)</p> <p>Administrators shall ensure that their controls in respect of input data include: (c) a process for validating input data, including against other indicators or data, to ensure its integrity and accuracy.</p>	<p>Not applicable as NBP does not utilise input data received from contributors when determining benchmark values</p>
Article 14 Reporting of infringements	
<p>BMR 14(2)</p> <p>An administrator shall monitor input data and contributors in order to be able to notify the competent authority and provide all relevant information where the administrator suspects that, in relation to a benchmark, any conduct has taken place that may involve manipulation or attempted manipulation of the benchmark, under Regulation (EU) No 596/2014, including collusion to do so.</p> <p>The competent authority of the administrator shall, where applicable, transmit such information to the relevant authority under Regulation (EU) No 596/2014.</p>	<p>Not applicable as NBP does not utilise input data received from contributors when determining benchmark values</p>

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