



ICE Data Indices, LLC Benchmark Statement

Volatility Index family

November 2023

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ICE Data Indices Benchmark Statement

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1. Introduction

ICE Data Indices, LLC (“IDI”) is a U.S. subsidiary of Intercontinental Exchange, Inc. (“ICE”), and is the administrator for the indices in the Volatility Index Family. The full list of indices in the Volatility Index Family (each, an “Index” and collectively the “Indices”) is available on the ICE Index Platform <https://indices.ice.com/> under Index Finder -> Volatility, filtering on the “Benchmark Statement Family” column for “Volatility Index Family”.

A link to IDI Benchmark Statements is available on the Index Platform and can also be found here: <https://www.ice.com/fixed-income-data-services/index-solutions/regulation/benchmark-statements>, where users can view the list of Index Families and their corresponding Benchmark Statements.

The Volatility Index Methodology document is available on the ICE Index Platform under the Methodologies Tab -> Volatility.

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This benchmark statement has been created in accordance with Article 27 of the European Benchmark Regulation (“the EU BMR”)¹ which was translated into UK law under the Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019 (“the UK BMR”)², and with reference to the supplementary delegated regulation (EU) 2018/1643³ (“RTS 2018/1643”) and delegated regulation (EU) 2020/1816⁴ (“DA 2020/1816”), and (EU) 2020/1818⁵ (“DA 2020/1818”) on the content of benchmark statements.

References in this document to EU Regulations or Directives (including EU BMR and applicable Commission Delegated Regulation) include, in relation to the UK, those Regulations or Directives as they form part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 or have been implemented in UK domestic law, as appropriate.

IDI has been recognized in the UK as a third country Benchmark Administrator for purposes of Article 32 of the UK BMR with the FCA as the relevant competent authority. The benchmarks that are available for use by supervised entities in the UK are published on the FCA register https://register.fca.org.uk/s/resources#Other_registers, under Third Country Benchmarks Register.

¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R1011&from=EN>

² <https://www.legislation.gov.uk/ukxi/2019/657/contents/made>

³ COMMISSION DELEGATED REGULATION (EU) 2018/1643 of 13 July 2018 <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L:2018:274:FULL&from=EN>

⁴ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32020R1816>

⁵ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32020R1818>

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2. Benchmark Statement

	Relevant BMR, Regulatory Technical Standard (“RTS”) or Delegated Act (“DA”) provision	Requirement	IDI’s Response
1	ISIN	<p>RTS 2018/1643 Art(1)(1)(b):</p> <p>The benchmark statement shall state: (b) where available, the international securities identification number (ISIN) of the benchmark or benchmarks; alternatively, for a family of benchmarks, the statement may provide details of where the ISINs are publicly accessible free of charge;</p>	ISINs are not currently assigned to the indices.
2	Contributions of Input Data	<p>RTS 2018/1643 Art(1)(1)(c):</p> <p>The benchmark statement shall state: (c) whether the benchmark, or any benchmark in the family of benchmarks, is determined using contributions of input data;</p>	The Volatility Index Family does not use contributions of input data

3	Types of Benchmarks	<p>RTS 2018/1643 Art (1)(1)(d):</p> <p>The benchmark statement shall state:</p> <p>(d) whether the benchmark or any benchmark in the family of benchmarks qualifies as one of the types of benchmarks listed under Title III of Regulation (EU) 2016/1011, including the specific provision by virtue of which the benchmark qualifies as that type.</p>	<p>The indices in the Volatility Index Family do not qualify as regulated data, interest rate or commodity benchmarks, and also do not qualify as Climate Transition Benchmarks or Paris-Aligned Benchmarks.⁶</p> <p>The Volatility Index Family contains only non-significant benchmarks as defined under point (27) of Article 3(1) of the BMR.⁷</p>
4	Economic Reality	<p>RTS 2018/1643 Art(1)(2):</p> <p>In defining the market or economic reality, the benchmark statement shall include at least the following information:</p> <p>(a) a general description of the market or economic reality;</p> <p>(b) the geographical boundaries, if any, of the market or economic reality;</p> <p>(c)¹ any other information that the administrator reasonably considers to be relevant or useful</p>	<p>The market or economic reality, and the geographical boundaries, that an individual benchmark intends to represent is clearly described in the Volatility Methodology document which can be found, free of charge, by entering the ticker for a selected benchmark in the Index Snapshot section of the home page of the ICE Index Platform (https://indices.ice.com/).</p> <p>The Volatility Index Methodology document can also be found on the ICE Index Platform, free of charge, under the Volatility section of the Methodologies tab.</p> <p>The circumstances under which market conditions might impair the ability of the benchmark to measure a given market</p>

⁶ The benchmark statement does not therefore need to disclose the information required by RTS 2018/1643 Articles 2 to 5.

⁷ As a result, BMR Article 1(7) provides that the benchmark statement does not need to disclose the information required by Article 1(2)(c), Article 1(3)(b) and (c), and Article 1(4) and (5).

¹ Not applicable - the Volatility Index Family consists of non-significant benchmarks only.

		<p>to help users or potential users of the benchmark to understand the relevant features of the market or economic reality, including at least the following elements insofar as reliable data on these elements is available:</p> <p>(i) information on actual or potential participants in the market;</p> <p>(ii) an indication of the size of the market or economic reality.</p> <p>BMR Art27(1)(a):</p> <p>The benchmark statement shall:</p> <p>(a) clearly and unambiguously define the market or economic reality measured by the benchmark and the circumstances in which such measurement may become unreliable;</p>	<p>are described in the Limitations section of the Volatility Index Methodology document.</p>
5	Limitations	<p>BMR Art27(2)(g):</p> <p>A benchmark statement shall contain at least:</p> <p>(g) the identification of potential limitations of the benchmark, including its operation in illiquid or fragmented markets and the possible concentration of inputs.</p>	<p>The interest rate swaps contained in the Volatility Index Family comprise a limited number of representative instruments that correspond to four key maturity points on the yield curve.</p> <p>In the event there is not sufficient market information to allow IDI's source to provide the necessary input implied volatilities used to compile the benchmarks, IDI would be unable to determine the affected Volatility Index(es).</p> <p>Other limitations may include the ability of the Benchmark to operate in illiquid or fragmented markets.</p>

		<p>RTS 2018/1643 Art(1)(3)(a):</p> <p>In defining the potential limitations of the benchmark and the circumstances in which the measurement of the market or economic reality may become unreliable, the benchmark statement shall include at least:</p> <p>(a) a description of the circumstances in which the administrator would lack sufficient input data to determine the benchmark in accordance with the methodology;</p>	<p>IDI seeks to manage and mitigate these limitations through the benchmark design, review and oversight process.</p>
6	Discretion	<p>BMR Art27(1)(b):</p> <p>The benchmark statement shall:</p> <p>(b) lay down technical specifications that clearly and unambiguously identify the elements of the calculation of the benchmark in relation to which discretion may be exercised, the criteria applicable to the exercise of such discretion and the position of the persons that can exercise discretion, and how such discretion may be subsequently evaluated;</p>	<p>The Volatility Index Methodology document clearly sets out how the benchmarks are to be calculated.</p> <p>While IDI mostly relies on input data obtained from its sources, on certain occasions, where decisions relating to the pricing or determination of a Benchmark are required to maintain the integrity of the values and ensure that the Benchmark continues to operate in line with the methodology, IDI may apply Expert Judgment.</p> <p>Where it is required in a Benchmark determination, it may only be applied by suitably experienced and qualified staff members on the IDI team in accordance with the Volatility Index Methodology document. Using their expertise and knowledge, and the information available to them, they will make an assessment of what adjustment would be most</p>

			<p>appropriate to correctly reflect the Benchmark objective.</p> <p>Ultimately, any exercise of Expert Judgment is overseen by the Governance Committee of IDI, which ensures that the published Methodologies have been followed.</p>
7	Factors beyond the control of the administrator	<p>BMR Art27(1)(c):</p> <p>The benchmark statement shall: (c) provide notice of the possibility that factors, including external factors beyond the control of the administrator, may necessitate changes to, or the cessation of, the benchmark; and</p>	<p>From time to time, events outside of the control of IDI may occur that may require changes to, or cessation of benchmarks in the Volatility Index Family.</p> <p>IDI has implemented a Benchmark Cessation Procedure, which is published on the IDI website (https://www.ice.com/fixed-income-data-services/index-solutions/regulation) and which set out the steps IDI would take if termination of a benchmark was being considered.</p> <p>IDI has also published a Consultation Policy which is available on the IDI website (https://www.ice.com/fixed-income-data-services/index-solutions/regulation) and which sets out the steps IDI would take if a material change was needed in relation to a Benchmark in the Volatility Index Family.</p>
8	Impact of changes or cessation	<p>BMR Art27(1)(d):</p> <p>The benchmark statement shall: (d) advise users that changes to, or the cessation of, the benchmark may have an impact upon the financial contracts and financial instruments that reference the benchmark or the measurement of the performance of investment funds.</p>	<p>Changes to, or cessation of a benchmark may have an impact upon the financial contracts and financial instruments that reference the benchmark or the measurement of the performance of investment funds. Where changes to a Benchmark are subject to a consultation, users are encouraged to provide feedback on the proposed change and the impact it may have.</p> <p>Any users of benchmarks that are to be discontinued are advised to take account of the upcoming cessation and ensure their contractual and other arrangements linked to the</p>

			<p>benchmarks contain appropriate fallback or other arrangements to address the cessation.</p> <p>IDI has implemented a Benchmark Cessation Procedure, which is published on the IDI website (https://www.ice.com/fixed-income-data-services/index-solutions/regulation) and which set out the steps IDI would take if termination of a benchmark was being considered.</p> <p>IDI has also published a Consultation Policy which is available on the IDI website (https://www.ice.com/fixed-income-data-services/index-solutions/regulation) and which sets out the steps IDI would take if a material change was needed in relation to a benchmark in the Volatility Index family.</p>
9	Key Terms	<p>BMR Art27(2)(a):</p> <p>A benchmark statement shall contain at least:</p> <p>(a) the definitions for all key terms relating to the benchmark</p>	<p>All key terms relevant to the Volatility Index Family are set out in the Volatility Index Methodology document.</p>
10	Rational for adoption and procedures for review and approval	<p>BMR Art27(2)(b):</p> <p>A benchmark statement shall contain at least:</p> <p>(b) the rationale for adopting the benchmark methodology and procedures for the review and approval of the methodology;</p>	<p>The Volatility Index Methodology document for the benchmarks within the Volatility Index Family sets out what the benchmarks intend to cover and achieve.</p> <p>The IDI Governance Committee is responsible for overseeing the development, design, issuance and operation of the benchmarks and the respective methodology documents. The IDI Governance Committee Charter is available on the IDI website (https://www.ice.com/fixed-income-data-services/index-solutions/regulation).</p> <p>IDI has also published a Consultation Policy which is available on the IDI website (https://www.ice.com/fixed-income-data-services/index-solutions/regulation).</p>

			services/index-solutions/regulation) and which sets out the steps IDI would take if a material change was needed in relation to a benchmark in the ICE Volatility Index family
11	Criteria used to determine the benchmark	<p>BMR Art27(2)(c)</p> <p>A benchmark statement shall contain at least:</p> <p>(c) the criteria and procedures used to determine the benchmark, including a description of the input data, the priority given to different types of input data, the minimum data needed to determine a benchmark, the use of any models or methods of extrapolation and any procedure for rebalancing the constituents of a benchmark's index;</p>	<p>In order to determine the benchmarks within the Volatility Index Family, the implied yield volatilities are provided by ICE Data Derivatives, Inc., an affiliate of ICE Data Indices, LLC. Implied volatilities are calculated using the SABR model and based on market data sourced from a network of market makers and inter-dealer brokers.</p> <p>ICE Data Derivatives has its own methodology for determining implied volatilities and the hierarchy of data inputs used therein.</p> <p>The general procedures for determining the benchmarks in the Volatility Index Family are set out in the Volatility Index Methodology document.</p>
12	Exercise of Judgement or Discretion	<p>BMR Art27(2)(d):</p> <p>A benchmark statement shall contain at least:</p> <p>(d) the controls and rules that govern any exercise of judgement or discretion by the administrator or any contributors, to ensure consistency in the use of such judgement or discretion;</p>	<p>Where exercise of judgement or discretion is required in a Benchmark determination, it may only be applied by suitably experienced and qualified staff members on the IDI team in accordance with the Volatility Index Methodology document. Using their expertise and knowledge, and the information available to them, they will make an assessment of what adjustment would be most appropriate to correctly reflect the Benchmark objective.</p> <p>Ultimately any exercise of Expert Judgment is overseen by</p>

			the Governance Committee of IDI, which ensures that the published Methodologies have been followed.
13	Periods of Stress	<p>BMR Art27(2)(e):</p> <p>A benchmark statement shall contain at least:</p> <p>(e) the procedures which govern the determination of the benchmark in periods of stress or periods where transaction data sources may be insufficient, inaccurate or unreliable and the potential limitations of the benchmark in such periods;</p>	<p>Actions taken by IDI for the Volatility Index Family in exceptional market conditions are outlined in the Volatility Index Methodology document. IDI retains the right to delay the publication of the benchmark level or suspend the publication of the level of the benchmark if it believes that circumstances prevent the proper calculation of the benchmark. In the event that there is a market-wide event resulting in implied volatilities not being available, IDI will determine its approach on a case-by-case basis, and communicate the action taken to its stakeholders.</p>
14	Errors	<p>BMR Art27(2)(f):</p> <p>A benchmark statement shall contain at least:</p> <p>(f) the procedures for dealing with errors in input data or in the determination of the benchmark, including when a redetermination of the benchmark is required;</p>	<p>Reasonable efforts are made to ensure the correctness and validity of data used in benchmark calculations.</p> <p>Where errors have occurred in the determination or calculation of a benchmark, the decision to make a restatement will be assessed on a case-by-case basis. Such decision will take account of the significance; impact; age; and scale of the error.</p> <p>All revisions or issues with the publication of the indices will be communicated to stakeholders during the day through the regular client communication channels; in addition, IDI may also contact clients directly; post a notice on the ICE Index Platform https://indices.ice.com/; send a message via the market data portal, or use other such forms of communication.</p>
Specific disclosure requirements on ESG Factors and how they are reflected in each benchmark or family of benchmarks			

15	ESG Factors	BMR Art 27(2a) DA 2020/1816 Specific disclosure requirements on ESG Factors and how they are reflected in the benchmark statement and the benchmark methodology	The Volatility Index Family does not take ESG factors into account in the benchmark design and does not pursue ESG objectives.
Specific disclosure requirement on the alignment with the objectives of the Paris Agreement			
16	Alignment with Paris Agreement	DA 2020/1816 Does the benchmark (or family of benchmarks) align with the target of reducing carbon emissions or the attainment of the objectives of the Paris Agreement.	No
17	Temperature Scenario	DA 2020/1816 The temperature scenario, in accordance with international standards, used for the alignment with the target of reducing GHG emissions or attaining of the objectives of the Paris Agreement; The name of the provider of the temperature scenario used for the alignment with the target of reducing GHG emissions or the attainment of the objectives of the Paris Agreement;	N/A

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