FINANCIAL CONDUCT AUTHORITY

Discussion Paper

DP26/4

Reforming the UK benchmarks regime

November 2026

How to respond

We are asking for comments on this Discussion Paper (DP) by **22 January 2027**.

You can send them to us using the form on our website.

Or in writing to:

Benchmarks & Credit Ratings Policy Team
Financial Conduct Authority
12 Endeavour Square
London E20 1JN

Email:
dp26-4@fca.org.uk

Disclaimer

We make all responses to formal consultation available for public inspection unless the respondent requests otherwise. We will not regard a standard confidentiality statement in an email message as a request for non-disclosure.

Despite this, we may be asked to disclose a confidential response under the Freedom of Information Act 2000. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by the Information Commissioner and the Information Rights Tribunal.

Further information on the FCA's use of personal data can be found on the FCA website at: www.fca.org.uk/privacy.

All our publications are available to download from www.fca.org.uk.

Request an alternative format

Please complete this form if you require this content in an alternative format.

Or call 0207 066 1000



Sign up for our **news and publications alerts**

See all our latest press releases, consultations and speeches.

Contents

Chapter 1 Summary . . . . . Page 4
Chapter 2 Approach to recommending designation . . . . . Page 10
Chapter 3 Benchmark administrator requirements . . . . . Page 13
Chapter 4 Baseline FCA standards . . . . . Page 22
Chapter 5 User and contributor requirements . . . . . Page 28
Chapter 6 Wider considerations and implementation . . . . . Page 31
Chapter 7 Conclusion . . . . . Page 34
Annex 1 List of questions . . . . . Page 35
Annex 2 Equality and diversity and ESG considerations . . . . . Page 38
Annex 3 Abbreviations used in this paper . . . . . Page 39

Chapter 1

Summary

1.1 We are working with the government to reform the UK's benchmarks regime. This is an opportunity to build a more targeted and proportionate regulatory framework that protects market integrity and consumers, supports growth and applies regulation where it matters most. The new regime will apply only to benchmarks that may pose significant adverse or systemic risks to UK financial markets. The government will designate those benchmarks that meet the criteria set out in legislation, following recommendation from the FCA. Most benchmarks and their administrators will become outside the scope of regulation.

1.2 This Discussion Paper outlines our approach to implementing the new regime and we would welcome feedback on our overall approach. We have published it alongside the government's response to the Future regulatory regime for benchmarks and benchmark administrators (SABR consultation response), which should be read in conjunction with this paper. We aim to consult on detailed rules and guidance in summer 2027.

Background

1.3 Benchmarks help financial markets function and allocate capital and risk. They are used in a wide range of markets including to set prices in financial instruments and contracts, or to measure performance of investment funds. If they are poorly designed or administered, manipulated, or suddenly cease without suitable alternatives, they could materially disrupt markets, cause investor losses and damage confidence in the UK financial system.

1.4 Benchmarks regulation was introduced following misconduct involving the London Interbank Offered Rate (LIBOR) and other market-wide benchmarks. The International Organization for Securities Commissions (IOSCO) also established international principles for financial benchmarks and oil price reporting agencies to promote their reliability, integrity and transparency. The European Union Benchmarks Regulation entered into force in 2018 and was retained in UK law following the UK's exit from the EU in 2020 (UK Benchmarks Regulation (UK BMR)).

1.5 Since then, both benchmarks regulation and the IOSCO principles have encouraged consistent standards and reduced risks. The financial landscape has also changed – shifting away from benchmarks reliant on expert judgement towards those based more on transaction data. This evolution means that the current benchmarks regime can also evolve as it was designed for a market with different risks.

1.6 We understand the current regime is considered overly expansive and complicated in certain areas. The government therefore consulted on narrowing the scope of benchmark regulation and has reflected this feedback in the new shape of the regime. Our supervision of the regime has also identified opportunities to improve regulation and reduce unnecessary burdens on market participants. We can now revise our approach to regulating benchmarks in the UK to be more targeted and proportionate. This will support innovation and competition in the benchmarks sector and across UK capital markets.

1.7 The government intends to repeal and replace the UK BMR with a more flexible framework tailored to UK markets. The new benchmarks regime, the Specified Authorised Benchmarks Regime (SABR), will only apply to benchmarks that pose significant and adverse risks to UK financial markets.

1.8 The government will define the new regime's scope, while delegating the detailed requirements to us. Where appropriate, we will replace existing UK BMR firm-facing legislative provisions with FCA rules.

1.9 We welcome views on how we can design an effective, proportionate rulebook for firms that administer, contribute to or use benchmarks in scope of the future regime.

What is changing?

1.10 The government is removing most benchmark administrators from regulation. The government will designate benchmarks against criteria set out in legislation, following our recommendation. Once a benchmark is specified, the benchmark administrator will need to apply to the FCA for authorisation. Once authorised, it will need to comply with obligations and be subject to our supervision in respect of its specified benchmark.

1.11 Authorised firms (users) will no longer be required to use regulated benchmarks. They will be able to use any benchmark they deem appropriate for their business and clients. Although users will have more flexibility over the benchmarks they use, they will not be able to rely on regulatory oversight for most of them. As a result, users may wish to consider whether further due diligence is required as part of their existing risk management arrangements.

1.12 For those who administer specified benchmarks, the Financial Services and Markets Act 2000 (FSMA) will continue to apply. Current carve-outs in FSMA for benchmark administrators will be removed. Our rules will apply only to specified benchmarks. The rules will reflect the benchmark's characteristics, complexity and use, and apply to any type of benchmark the government might designate in future, including contributory and commodity benchmarks.

The FCA strategy and outcomes we are seeking

1.13 We aim to focus requirements for administrators of specified benchmarks where they deliver the greatest benefit, reducing unnecessary burden on firms and maintaining strong standards where risks are highest. This supports our strategy of being a more predictable, purposeful and proportionate regulator.

1.14 Our proposals are guided by the following overarching design principles:

- **Outcomes-based approach:** Set outcomes-focused requirements within a clear, principles-based policy framework, while ensuring legal certainty.
- **FCA's broader regulatory approach:** Ensure coherence with wider wholesale markets regulation, including regimes with overlapping firm populations such as Environmental, Social and Governance (ESG) Ratings.
- **Consistency and interoperability:** Support a globally consistent approach, drawing on relevant international standards and considering interoperability with other jurisdictions' regimes.
- **Evidence-based approach to addressing risks:** Use evidence to assess risks to market integrity and consumer protection, and design targeted rules that streamline and simplify current requirements.

1.15 We seek the following outcomes in our proposals:

- Regulation continues to ensure that benchmarks posing significant and adverse risks to UK markets remain accurate, robust and representative.
- SABR is a risk-based, simplified, flexible and future-proof regime.
- Regulatory approaches to firms administering, contributing to, or using specified benchmarks are effective and data-led.
- The UK is aligned with international standards on benchmarks, and our future rules support the UK's role as a global financial centre.
- Innovation and competition are supported through proportionate regulation, enabling users to access a diverse range of benchmarks.

Summary of our proposed regime

1.16 Our proposals are informed by initial feedback from stakeholders, including benchmark administrators, banks, asset managers, and associations representing these firms. They shared views on the effectiveness of the current benchmarks regime and supported the intent of existing core requirements that apply to administrators, users and contributors (see Figure 1).

1.17 We will consider a range of factors when recommending that the government designate or remove designation (de-designation) of a benchmark, including the nature and extent of any adverse impacts.

1.18 For specified benchmarks, we propose to:

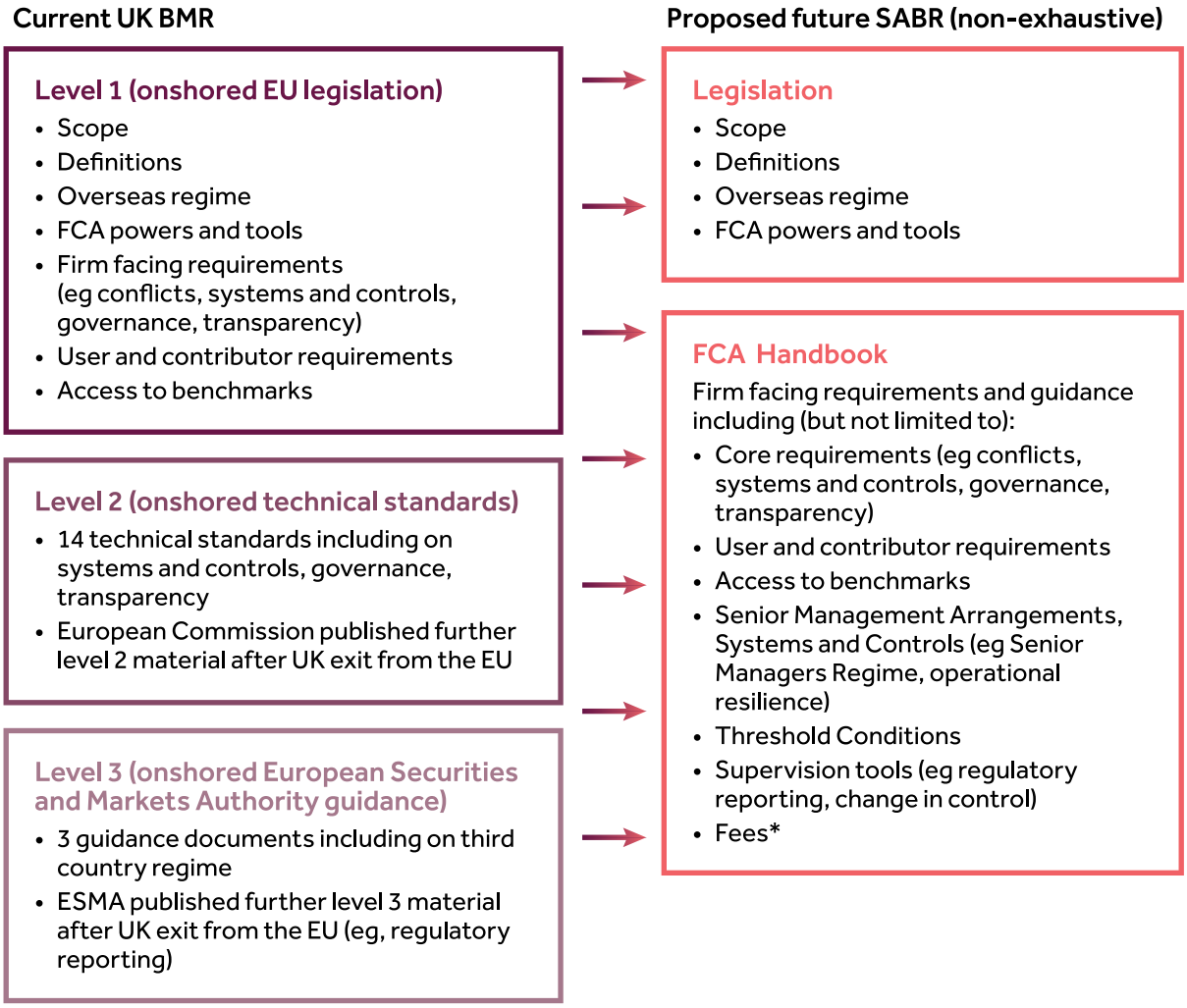
- Replace core provisions of the UK BMR with tailored rules in our Handbook.
- Apply FCA baseline standards to a specified benchmark, including:
  - Retaining FCA rules that already apply such as the Principles for Business.
  - Threshold Conditions and the Change in Control provisions.
  - Retaining a tailored version of the Senior Managers Regime .
  - Adjusting the Market Conduct obligations.
  - Replacing ad hoc reporting with periodic reporting on key data relating to the administration of a specified benchmark.
- Adjust requirements for authorised users and contributors to only apply to specified benchmarks.
- Apply a new requirement on administrators of specified benchmarks regarding how they communicate their designated status.

Who does this document affect?

1.19 Benchmarks are widely used in financial markets, and we are interested in hearing from stakeholders including:

- Firms using benchmarks including asset managers, investment managers, corporates, exchanges, and wholesale banks.
- UK and overseas benchmark administrators.
- Firms that provide or contribute input data to benchmarks.
- Market data providers including price reporting agencies.
- Professional advisers.
- Industry groups and trade bodies.

Figure 1: Proposed overview of the future regime



Notes:
Onshored means EU legislation, technical standards and guidance that were retained in UK law to ensure legal continuity and minimise market disruption after the UK exited the EU.
* We intend to consult on fees in due course.

Next steps

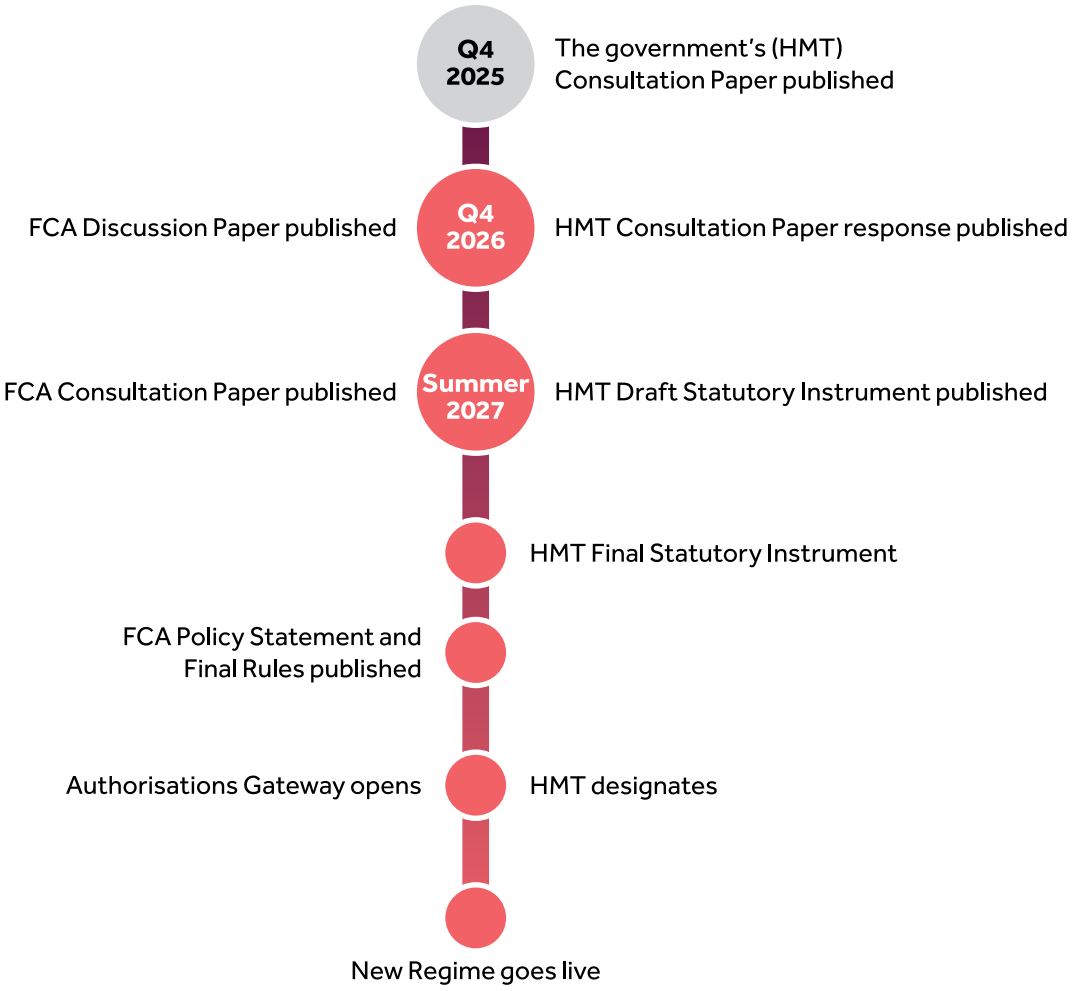
1.20 We are asking for your views on the topics discussed in this paper, and specifically the questions asked throughout the paper and collated in Annex 1. Please provide your feedback by 22 January 2027.

1.21 You can send your feedback to us using the form on our website, or by email to dp26-4@fca.org.uk.

1.22 Once the feedback period closes, we will consider your feedback and aim to publish a consultation paper with draft rules and guidance in summer 2027.

1.23 We have provided an overview of the timeline below, which details the further steps before the regime goes live.

Figure 2: Timeline overview



Chapter 2

Approach to recommending designation

2.1 This chapter covers our proposed approach to recommending a benchmark for designation in SABR.

Designation criteria

2.2 Under SABR, the government would designate benchmarks against criteria set out in legislation, following our recommendation. As outlined in the SABR consultation response, the government does not expect the criteria below to change materially but will consider refining the structure and content in light of the feedback received to its earlier consultation. Stakeholders will be able to comment when the draft legislation is published in summer 2027.

Proposed criteria for designating a benchmark

Impact on the integrity of the UK financial system and consumers

- The benchmark has no or few substitutes, or it is not reasonably practicable for one or more users of the benchmark to switch to one of the substitutes, and
- In the event that the benchmark ceases to be provided without sufficient notice or is provided on the basis of data no longer fully representative of the underlying market or economic reality or on the basis of unreliable data, there would be significant and adverse impacts on the integrity of the UK financial system and consumers.

Impact on the market that the benchmark seeks to measure

- The benchmark has no or few substitutes, or it is not reasonably practicable for one or more users of the benchmark to switch to one of the substitutes, and
- In the event that the benchmark ceases to be provided without sufficient notice, or is provided on the basis of data no longer fully representative of the underlying market or economic reality or on the basis of unreliable data:
  - There would be significant and adverse impacts on the market that the benchmark seeks to measure, and/or
  - There could be significant and adverse impacts on markets materially connected to the market the benchmark seeks to measure.

Designation process

2.3 While the government retains ultimate responsibility for designation decisions, under usual circumstances, their decisions will be based on recommendations from us. We would only recommend benchmarks for designation that pose significant and adverse

risk to the UK financial system. When recommending designation or de-designation, we will consider a range of factors, informed by data and market intelligence, and assess their relevance to the criteria. The government does not intend to retain the current statutory thresholds based on usage contained within the UK BMR, but we will consider benchmark usage as a factor to support our analysis. We may also consider:

- **General characteristics of the benchmark.** This could include the market or economic reality the benchmark seeks to measure, the input data, general attributes of the methodology, or the context in which the benchmark is predominantly used. This would help inform how we will assess the risk profile of a benchmark.
- **User impact.** This could include the type, variety, concentration, or distribution of benchmark users. We may also consider the scale and breadth of use to understand the potential impact on users if the benchmark were to cease or no longer be representative without sufficient notice.
- **Substitutes.** We may consider the availability (or lack thereof) of substitutes for a benchmark and, where substitutes do exist, the practicality of switching, such as the time and cost.
- **Impact on the integrity of the UK financial system and consumers.** We may take into account the value of financial instruments, financial contracts, investment funds, credit agreements, pension schemes, or loans referencing the benchmark. We may consider the extent to which such use would affect consumers. In doing so, we will aim to understand how the benchmark is embedded within the financial system and the wider economy.
- **Impact on the market measured and materially connected markets.** Under the second statutory criterion, we will assess the role a benchmark plays within a specific market or markets. We will consider whether such a benchmark ceasing or becoming unrepresentative could transmit disruption to the wider financial system or the UK economy. As part of that assessment, we will consider a similar set of factors as above.

2.4 Once we have made an initial assessment, we will engage with the relevant benchmark administrator and gather further information to inform whether to recommend the government designate the benchmark. If a recommendation on designation, or de-designation, is accepted by the government, it would advise the benchmark administrator on the expected designation (or de-designation) timeframe.

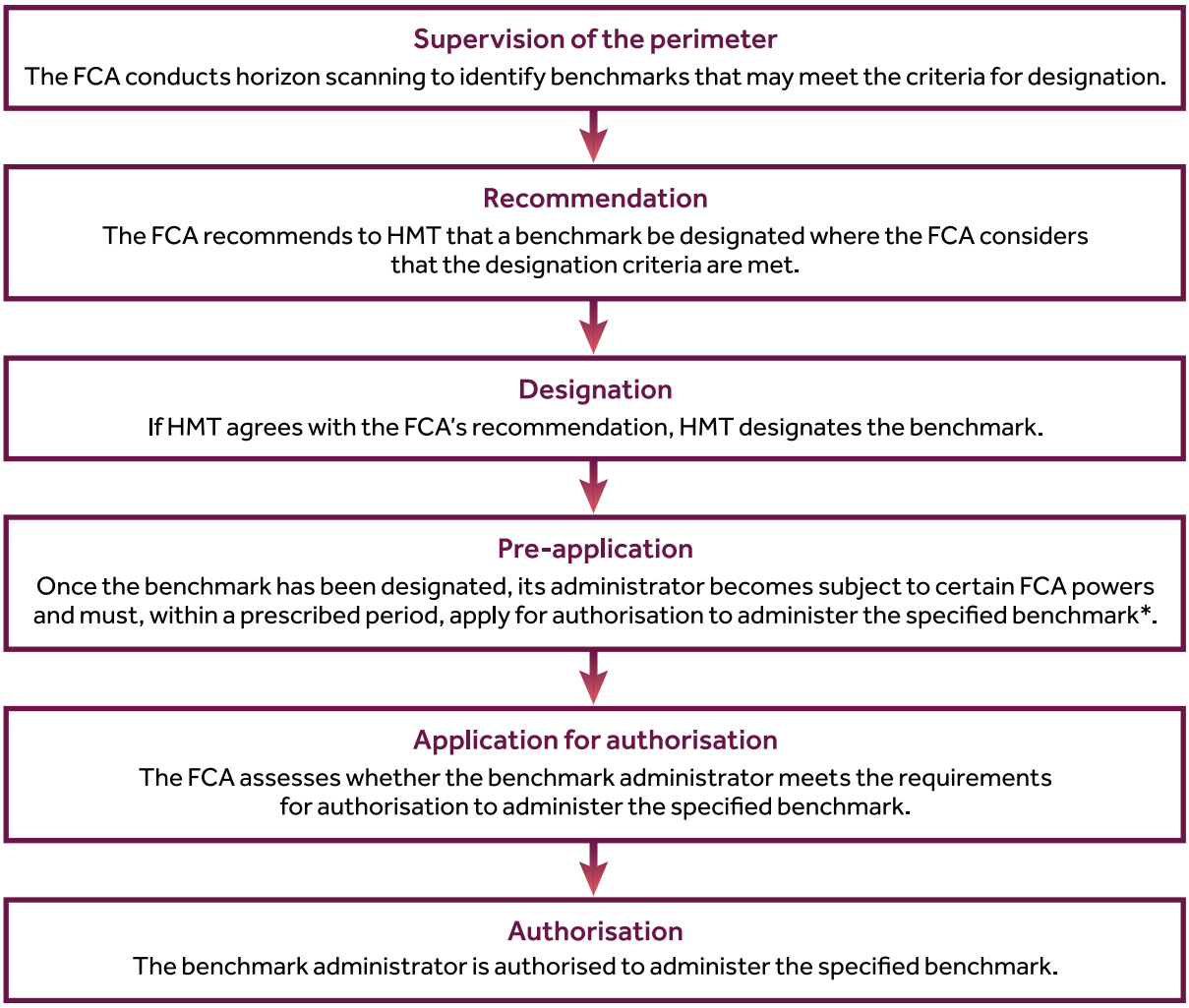
2.5 Once a designation takes effect, the relevant benchmark administrator would need to apply for FCA authorisation. Once authorised, the benchmark administrator would need to comply with relevant obligations, and the specified benchmark would be subject to our supervision. The diagram in Figure 3 provides an overview of how we expect the designation process to work.

2.6 If a recommendation on de-designation of a benchmark were accepted, the government would de-designate the benchmark and most of the relevant obligations on the benchmark administrator will no longer apply. Certain obligations, for example record-keeping, would still apply so that we can still investigate conduct occurring while the benchmark was designated.

2.7 Subject to Parliamentary processes, the government intends to publish an Approach to Designation document setting out further details on its approach to designating and de-designating benchmarks under SABR in due course.

2.8 Please also refer to the 'Ensuring a smooth transition' section in Chapter 6 for transitional arrangements that would apply to benchmark administrators authorised under the current benchmarks regime.

Figure 3: Proposed designation process



* An overseas benchmark administrator may instead rely on an alternative access route.

Question 1: **Do you agree with the list of factors that we would consider as part of the recommendations for designation or de-designation? If not, why not? Are there other data points or information sources or other considerations we should factor in the assessments?**

Question 2: **Do you agree with the process for our recommendation to the government for designating a benchmark? If not, why not?**

Chapter 3

Benchmark administrator requirements

3.1 This chapter outlines our proposals for tailored requirements that will apply to administrators of specified benchmarks under SABR. A benchmark administrator would be responsible for complying with these requirements only in relation to the administration of a specified benchmark.

Our rules

3.2 We want to create a clear and simple rulebook that focuses on risks associated with specified benchmarks. We intend to regulate administrators of specified benchmarks in line with our principles-based approach for regulated firms.

3.3 We recognise that the UK BMR has helped maintain good standards for benchmark administrators and is well embedded in firms' processes. We intend to retain the core provisions where they are proportionate to the risks, while continuing to reflect the IOSCO principles for financial benchmarks and oil price reporting agencies.

Components of the future rulebook

3.4 Weaknesses in firm functions could have wider market impacts where a benchmark poses significant and adverse risks. We want to retain the following core components in our future rulebook for benchmark administrators in respect of their administration of a specified benchmark:

- Conflicts of interest management
- Governance
- Transparency and methodology
- Systems and controls

3.5 We intend to account for different characteristics of benchmarks, such as the underlying assets or the nature of input data. We do not intend to have separate sets of rules for different types of benchmarks as currently laid out in the UK BMR.

Conflicts of interest

3.6 Poorly managed conflicts of interest can lead to misconduct. Conflicts can occur within administrators as well as between benchmark users and contributors. Conflicts could give rise to misconduct such as benchmark manipulation, which could affect the integrity of the specified benchmark, and result in misallocated capital and decreased market confidence. The risk may be greater when expert judgement is used to determine a specified benchmark. The risk of conflicts may also be more prevalent where benchmark administrators are part of corporate groups with other business lines that interact with the specified benchmark, such as firms that operate exchanges or provide data, leading to increased conduct risks that could damage the integrity of a specified benchmark.

Desired outcomes

3.7 We seek the following outcomes through our regulatory regime:

- Administrators of specified benchmarks sufficiently manage their conflicts of interest to minimise manipulation risk and maintain the independence and integrity of the benchmark.
- Administrators of specified benchmarks are transparent about existing and potential conflicts of interest.

General approach and proposals

3.8 The existing conflicts of interest requirements in the UK BMR remain largely appropriate in the context of specified benchmarks. We intend to design rules that address conflicts that could harm the integrity and independence of a specified benchmark.

3.9 For specified benchmarks, we propose to:

- Retain the requirements for benchmark administrators to have robust governance arrangements, to manage conflicts within themselves, and between contributors and users, separate analytic and commercial functions, conflicts policies, and fit and proper employees.
- Retain requirements on benchmark administrators to publish or disclose all existing or potential conflicts of interest to users of the benchmark, and where relevant, to contributors. This includes conflicts of interest arising from the ownership or control of the benchmark administrator.
- Remove UK BMR supervisory tools which address unmitigated conflicts where they overlap with standard FCA powers under FSMA, such as our own initiative requirement and voluntary requirement powers.
- Set out types of conflicts that administrators need to consider and minimum content for their conflicts of interest policy.

Question 3: **Do you agree with the proposed approach for conflicts of interest? If not, why not? Are there any additional factors we should be accounting for in developing these rules?**

Question 4: **Do you agree with maintaining the requirement for disclosing all existing and potential conflicts? If not, what should the correct threshold be?**

Question 5: **Are there particular types of conflicts that could arise within specified benchmarks that are not otherwise addressed by the proposals above?**

Governance

3.10 Poor governance in the administration of benchmarks can result in serious harm to benchmark users and market participants. For example, poor governance may make decision-making and accountability less transparent. This makes it harder to identify weaknesses, investigate misconduct, and ensure that benchmarks continue to reflect the market or economic reality they are intended to measure. It can also increase the risk that conflicts of interest are not properly managed, or that benchmark determination processes are not subject to sufficient scrutiny, undermining their accuracy, robustness and integrity.

Desired outcomes

3.11 We seek the following outcomes through our regulatory regime:

- Administrators have clear accountability and effective governance arrangements for administering a specified benchmark.
- Administrators remain responsible for the specified benchmark determination process, including functions that are outsourced.
- Key aspects of a specified benchmark's determination, including the review and oversight of changes to the benchmark methodology and the administrator's control framework, should remain subject to scrutiny through an oversight function.

General approach and proposals

3.12 The existing governance requirements in the UK BMR remain largely appropriate to apply in the context of specified benchmarks.

3.13 For specified benchmarks, we propose to:

- Retain existing requirements for benchmark administrators to maintain an oversight function for specified benchmarks, with defined roles and responsibilities.
- Replace overlapping UK BMR outsourcing requirements on benchmark administrators with general FCA outsourcing requirements.
- Apply the general FCA organisational arrangements requirements for benchmark administrators to establish robust governance, clear organisational structures and effective internal control mechanisms.

Question 6: **Do you agree with the proposed approach on requirements in relation to oversight, outsourcing and general organisational requirements? If not, why not? Are there any other considerations we should factor into the development of our rules in this area?**

Transparency and methodology

3.14 Lack of transparent information about how specified benchmarks are constructed prevents users from assessing how credible they are. It could also allow inappropriate conduct to influence benchmark determinations or create opportunities to manipulate submissions to influence a benchmark. This could lead to capital being misallocated and lower market confidence.

Desired outcomes

3.15 We seek the following outcomes through our regulatory regime:

- Users understand the purpose of a specified benchmark and how it is constructed and calculated so they may assess the representativeness, relevance and appropriateness of the benchmark for its intended use.
- Specified benchmarks accurately and reliably represent the market or the underlying economic reality they seek to measure.
- Disclosures on specified benchmarks are sufficient, clear, concise and accessible to users, without adhering to prescribed templates.

General approach and proposals

3.16 Some of the transparency and methodology requirements in UK BMR remain appropriate, but some requirements, such as the benchmark statement, may be too prescriptive and of limited value. We propose to streamline and simplify requirements for specified benchmarks in the new regime and welcome views on which requirements we should focus on.

3.17 For specified benchmarks, we propose to:

- Retain general requirements for benchmark administrators to use a methodology that ensures the integrity of benchmarks, and remove prescriptive requirements.
- Retain requirements on benchmark administrators to publish policies on data quality and quantity, publish clear information about the methodology, and consult stakeholders on material changes.
- Reduce duplication in disclosure documents such as the benchmark statement and merge this into overall methodology disclosure requirements.
- Where relevant, allow firms to rely on disclosures made in compliance with other overseas benchmark regulations to meet our future requirements, where they cover the same content, such as under the EU BMR.

Question 7: **Do you agree with the proposed approach for transparency and methodology requirements? If not, why not? Are there any other considerations we should factor into the development of our rules in this area?**

Systems and controls

3.18 Without effective systems and controls, benchmark administrators may fail to identify and manage issues that affect the administration of a specified benchmark. This could increase the risk that errors, operational incidents or misconduct go undetected or are not addressed promptly. As a result, the benchmark may become less robust, undermining market confidence and leading to unintended transfers of value in benchmark-linked products and contracts.

Desired outcomes

3.19 We seek the following outcomes through our regulatory regime:

- Administrators have systems and controls that are appropriately tailored to the characteristics of the specified benchmark.
- Administrators maintain effective record-keeping, complaints handling, incident escalation and reporting processes for infringements of the specified benchmark.
- Administrators can identify, manage and respond to operational risks, disruptions and failures affecting administration of a specified benchmark.

General approach and proposals

3.20 The existing systems and controls requirements in the UK BMR remain largely appropriate to apply in the context of specified benchmarks.

3.21 For specified benchmarks, we propose to:

- Retain requirements for benchmark administrators to maintain a controls framework for the specified benchmark, including requirements to ensure contributors adhere to a code of conduct and monitor input data. Benchmark administrators will continue to be subject to the operational incident reporting regime that will come into effect in March 2027.
- Retain requirements for benchmark administrators to maintain complaints handling arrangements. As 'complaint' is not defined in the current UK BMR, we are considering introducing a tailored definition and rules in the new regime.
- Retain the accountability framework requirements, including the requirement for an administrator to have an external auditor to ensure compliance.
- Replace the requirement for an internal compliance function with SMF 16 Compliance Oversight under the Senior Managers Regime, so that benchmark administrators would need to seek our approval for a suitably senior person to oversee compliance.

- Retain input data requirements, including requirements to consider the hierarchy of input data. We will consider applying additional rules around controls for data more generally.
- Retain requirements on record-keeping.
- Retain requirements on reporting of infringements, including having appropriate procedures in place to report any potential misconduct, as they remain appropriate.

3.22 In addition, we are considering a rule requiring benchmark administrators to set and maintain internal thresholds for identifying, escalating, remedying and reporting benchmark errors to us. These thresholds would act as triggers for escalation and reporting. For example, benchmark administrators may need to escalate errors that are qualitatively significant, or repeated smaller errors that may indicate a wider issue, even where a quantitative threshold has not been met. Clear internal thresholds can help ensure that errors are identified and escalated consistently rather than relying solely on case-by-case judgement. We would welcome feedback on this.

3.23 In addition to the existing rules on input data, we are considering requiring benchmark administrators to ensure that all data used to construct a specified benchmark is accurate and is validated and verified, including non-price data. This is because non-price data, such as the creditworthiness of an issuer, market liquidity indicators, or operational risk factors, can be important for constructing a benchmark and must be accurate.

Question 8: **Do you agree with our proposed approach to systems and controls requirements for benchmark administrators? If not, why not? Are there any other considerations we should factor into the development of our rules in this area?**

Question 9: **Do you agree that we should introduce a tailored definition of 'complaint'? If so, what should this include? What types of issues do benchmark administrators treat as complaints in practice?**

Approach to types of benchmarks

3.24 The UK BMR distinguishes between types of benchmarks, intended to proportionately reflect their different characteristics, vulnerabilities and risks. Such risks include availability of data in some commodities markets which can affect a price that a benchmark references, or lack of transparency on ESG factors that make up a benchmark. The UK BMR accounts for different benchmarks that reflect interest rates, commodities, and regulated data as well as ESG benchmarks such as UK Climate Transition Benchmarks (CTBs) and UK Paris-aligned Benchmarks (PABs).

3.25 We understand firms found it challenging and burdensome to understand and apply different requirements to their benchmarks, depending on their type.

3.26 The government has indicated that SABR will not distinguish between types of benchmarks in the legislation. We therefore intend to take a principles-based approach in rules to reflect the different characteristics, vulnerabilities and risks that different types of benchmarks pose. Where appropriate, we intend to incorporate the UK BMR Annexes for different types of benchmarks in our future rules.

Commodity benchmarks

3.27 The UK BMR defines a commodity benchmark as a benchmark where the underlying asset is a commodity, which means any goods of fungible nature that are capable of being delivered, including metals and their ores and alloys, agricultural products, and energy such as electricity. It does not include an emission allowance. The UK BMR provides that Annex II applies to commodity benchmarks unless:

- The benchmark is a regulated-data benchmark.
- It is based on submissions by contributors, the majority of which are supervised entities.
- It is a critical benchmark with an underlying asset of gold, silver, or platinum, which are subject to Title II of the UK BMR.

3.28 For commodity benchmarks subject to Annex II, the requirements differ from requirements for financial benchmarks in Title II of the UK BMR. For example, Annex II has different methodology requirements and does not require a code of conduct for contributors, to reflect the different characteristics of the commodities market, such as limited trading volumes and voluntary submissions by non-financial firms.

3.29 The government intends to remove the separate legislative regime for commodity benchmarks and delegate distinct requirements to us. This is consistent with our overall approach to different benchmark types. We propose to take a principles-based approach to defining a commodity benchmark based on characteristics listed below.

3.30 We considered feedback from the government's SABR consultation response to retain tailored requirements for commodity benchmarks in legislation. Overall, we intend our rules to be proportionate and reflect the distinct characteristics of commodity benchmarks. If the government designates a commodity benchmark that meets the below characteristics, for example it is based on contributions from non-regulated firms, we intend them to be subject to similar rules to Annex II and align with the IOSCO principles for oil price reporting agencies. We do not intend benchmark-specific rules for these commodity benchmarks to materially diverge from Annex II and international standards such as the relevant IOSCO principles.

3.31 Specified commodity benchmarks that are based on transactions and not on contributed input data, such as some precious metals benchmarks, would be subject to the same rules as other financial benchmarks.

3.32 We welcome feedback on this, including the factors below that we should consider if a specified commodity benchmark is subject to rules similar to Annex II:

- Whether the underlying asset is a commodity or linked to a commodity.
- The purpose of the benchmark, such as if it measures or tracks a price assessment.
- The availability, quality and representativeness of the data used in the benchmark.
- The nature of contributions, for example whether they are voluntary or from primarily non-regulated firms.
- The level of expert judgement involved.

3.33 This approach could mean that specified benchmarks linked to a commodity, such as benchmarks where the underlying is based on a freight rate or emission allowance, could be subject to rules similar to Annex II if they meet the characteristics above. We would like to understand more about the potential impacts of applying rules similar to Annex II to specified benchmarks.

Question 10: **Do you agree with our proposed approach to commodity benchmarks? If not, why not? What would be the impact if benchmarks with underlying assets related to commodities such as freight rates were subject to rules similar to Annex II of the UK BMR?**

ESG benchmarks

3.34 ESG benchmarks include those that integrate ESG factors or criteria in the selection, weighting, or exclusion of underlying assets. ESG benchmarks can help investors meet their sustainability goals by enabling comparable, transparent, and credible reference values.

3.35 The UK BMR contains obligations requiring most benchmarks to indicate whether they pursue ESG objectives and, if they do, applies specific disclosure obligations through the methodology requirements in Article 13 and the benchmark statement in Article 27.

3.36 Given that the new regime is intended to focus on benchmarks that could have a significant and adverse impact on UK markets, ESG benchmarks will only be subject to regulation where they are designated by the government.

3.37 If an ESG benchmark were to be specified by the government, our rules will accommodate the characteristics of such a benchmark proportionately. We do not propose separate rules for ESG benchmarks. For example, we would expect the ESG factors that were taken into account in the methodology to be disclosed through the general transparency requirements proposed in this chapter. We will no longer require such disclosures to be made according to a pre-defined template, as currently required in Commission Delegated Regulation 2020/1817. As noted in this chapter, we also do not propose to retain the obligation to produce separate benchmark statements, meaning the template for ESG disclosures in Commission Delegated Regulation 2020/1816 will no longer apply.

3.38 Where ESG benchmarks fall out of scope of regulation, the government has confirmed in its SABR consultation response that unregulated ESG benchmarks incorporating an ESG rating will continue to be exempt from ESG ratings rules. Firms that use ESG benchmarks will remain subject to other transparency requirements where applicable, such as the Sustainability Disclosures Regime (SDR) or the anti-greenwashing rule.

3.39 The government has confirmed it does not intend to retain the voluntary PAB and CTB labels in legislation, and we do not propose to retain them in our rules. Benchmark administrators will no longer be required to endeavour to provide such benchmarks under SABR.

Question 11: **Do you agree with the proposed approach to ESG benchmarks? If not, why not?**

Overseas benchmarks

3.40 The government's SABR consultation response specified that any administrators of overseas benchmarks it designates would need either to be authorised by us under our approach to international firms or to access the UK market through the endorsement regime. We will provide more details on these access routes in our consultation paper.

Our approach to intervention and orderly wind-down powers

3.41 The government intends to provide us with wind-down powers broadly similar to those applicable to critical benchmarks under the UK BMR, to mitigate market disruption. These scenarios could arise when a specified benchmark becomes unrepresentative or ceases. These powers would be designed to be used only in exceptional circumstances, as demonstrated in the case of LIBOR.

3.42 Our approaches to exercising the existing UK BMR powers in respect of critical benchmarks are set out in our overview document and in Statements of Policy on Article 21A, Article 23A, Article 23C, and Article 23D. We intend to incorporate relevant considerations into guidance in the new regime to align with the existing wind-down powers.

3.43 The UK BMR requires benchmark administrators to have robust procedures for changes to or cessation of a benchmark. We intend to incorporate this in the new rules, alongside the Wind-Down Planning Guide for firms, which applies when a firm winds down all of its regulated activity.

Question 12: **Do you agree with the proposed approach for intervention and orderly wind-down? If not, why not? Are there any additional factors we should be accounting for in the development of guidance on our powers?**

Chapter 4

Baseline FCA standards

4.1 This chapter focuses on substantive changes needed to baseline standards we propose to apply. Baseline standards are general rules that apply across all FCA regulated firms.

4.2 Under SABR, an administrator will be regulated only for activities related to a specified benchmark. Any other benchmarks it provides will not be regulated. In our future rules, we aim to balance this change with our ability to supervise a firm that administers a specified benchmark effectively. Applying our baseline standards will help ensure these firms have robust controls for administering a specified benchmark. For example, we may ask about a firm's risk management systems or its financial prudence in so far as it affects the administration of a specified benchmark.

4.3 Existing baseline standards that already apply to benchmark administrators are expected to continue to apply in respect of a specified benchmark. We will consult on these further in due course. These include:

- Principles for Business
- General Provisions
- Supervision manual (SUP)

4.4 Applying our baseline standards will ensure that administrators of specified benchmarks are held to the same minimum standards as all firms we regulate and enable us to meet our objectives, in particular to protect market integrity and consumers. We do not anticipate these will significantly increase operational burden for specified benchmarks. We welcome feedback on current and potential future costs to assist with our cost benefit analysis.

Senior Management Arrangements, Systems and Controls (SYSC)

4.5 SYSC sets out general rules for how FCA-regulated firms must be organised and managed for their regulated activities. A number of modules in SYSC overlap with the UK BMR and do not apply currently. As laid out in Chapter 3, we intend to replace some of the UK BMR requirements with SYSC rules, including rules focused on:

- general organisational requirements
- employee competence and suitability for their roles
- arrangements and controls for financial crime
- risk management
- outsourcing
- record-keeping

4.6 These rules would form baseline standards on how a benchmark administrator should govern and organise its business and maintain effective controls for a specified benchmark. We will build on these and tailor them to administrators of specified benchmarks. For example, in relation to record-keeping, we intend to tailor rules on the types of records that benchmark administrators must keep on a specified benchmark, similar to the requirements in the UK BMR. Chapter 3 outlines how we may tailor certain rules, such as those on outsourcing, so that they are appropriate for specified benchmarks.

Threshold conditions

4.7 The threshold conditions are the minimum standards set out in FSMA and our Threshold Conditions Sourcebook (COND) that a firm must satisfy and continue to satisfy in order to obtain and keep its authorisation. The threshold conditions do not currently apply to benchmark administrators due to the maximum harmonisation principle of EU law. Instead, firms applying for permission to administer a benchmark are assessed against their compliance with the UK BMR. Administrators of specified benchmarks will be subject to threshold conditions in the new regime, to ensure benchmark administrators with specified benchmarks meet and continue to meet the same minimum conditions as other FCA-regulated firms to protect consumers and market integrity. We provide guidance on these conditions in the COND module of our Handbook.

4.8 One of the threshold conditions requires firms to hold adequate resources for the regulated activities they seek to carry out. We do not propose to introduce specific prudential requirements for benchmark administrators with specified benchmarks. We consider our framework for assessing adequate resources is sufficient.

4.9 There is some overlap between the threshold conditions and the existing rule in our Market Conduct Sourcebook requiring administrators of critical benchmarks categorised under the UK BMR to hold 6 months of operating costs. We propose to remove this overlap and apply the threshold conditions only.

Change in control approvals

4.10 FSMA requires a person or firm to receive prior approval when acquiring or increasing control in an authorised firm. Benchmark administrators were exempted from such requirements due to the maximum harmonisation principle of EU law. In the new regime, administrators will need to seek FCA approval when a person or firm acquires or increases control of a firm administering a specified benchmark. This will ensure that proposed new controllers of a specified benchmark are suitable.

Senior Managers Regime (SMR)

4.11 SMR aims to encourage individuals to take greater responsibility for their actions and make it easier for both firms and regulators to hold individuals to account. It was extended to benchmark administrators in 2020 as we considered these outcomes were equally important for benchmark administrators who play an important role in financial markets.

4.12 Currently, a tailored version of the SMR, and the Conduct Rules apply to benchmark administrators. The Certification Regime (CR) does not apply due to overlap with the UK BMR. Benchmark administrators are categorised as core firms as their services are important to financial markets and the real economy. They need to seek approval for four senior management functions (SMFs), depending on their business model: chief executive, executive director, partner and chair. The core categorisation also reflects the potential harm benchmark administrators pose to markets if unhealthy cultures and poor personal conduct standards develop.

4.13 Benchmark administrators may apply for a waiver to be categorised as Limited Scope firms, where they are subject to fewer requirements, if they can demonstrate that the core SMR requirements would be unduly burdensome or otherwise not achieve the rules' purpose. Under the current rules and guidance, we balance benchmark-specific factors in considering a waiver, including:

- How significant benchmark-related regulated activities are within the firm's overall business.
- Considering how much time directors who would otherwise require SMF approval spend managing the firm's regulated activities.
- If granting a waiver would prevent us from advancing our operational objectives.
- If we consider any benchmark the firm administers as important (which includes if it is recognised as a critical benchmark under the UK BMR, if it has no or very few appropriate market-led substitutes and whether it is used extensively in particular markets or other sectors).
- If the firm meets the rule on responsibilities for benchmark activities.

4.14 We considered feedback from the government's SABR consultation and our initial engagement with firms that SMR should not apply to commodity benchmarks. Having considered these points, our view remains that the policy rationale for SMR still applies. It is important that administrators of specified benchmarks are accountable for their conduct given the potential for significant and adverse harm associated with these benchmarks. We therefore intend to retain the current application of SMR to benchmark administrators for specified benchmarks, with some adjustments to address overlapping requirements.

4.15 We propose to replace overlapping requirements on compliance oversight in the UK BMR with the SMF 16 Compliance Oversight in the new regime. This means benchmark administrators with specified benchmarks would need to seek approval for the person performing the Compliance Oversight function from the FCA, in addition to the other SMFs.

4.16 The CR overlaps with UK BMR requirements for ensuring employees are fit and proper in articles 4(7) and 4(8). We do not intend to apply the CR in the new regime. We propose to replace requirements on fit and proper employees with our rules on competent employees and tailor them to administrators of specified benchmarks.

4.17 We intend to continue to treat administrators of a specified benchmark as core firms, as the new regime will be focused only on regulating benchmarks that could have a significant and adverse impact on the UK economy. An administrator of a specified benchmark may still apply for a Limited Scope waiver. The ongoing Senior Managers & Certification Regime reforms should ensure the overall regime is more proportionate and streamlined for firms.

4.18 We want to hear views on whether we have struck the right balance between proportionality and holding individuals to account. In particular, we would like to further understand the impacts and compliance costs of SMR core categorisation if a benchmark is designated, particularly on businesses that predominantly undertake unregulated activities.

Market Conduct obligations

4.19 Chapter 8 of the Market Conduct Sourcebook contains benchmark-specific rules and guidance. We will review this and consolidate any relevant material as required. In addition, the UK Market Abuse Regime (UK MAR) will continue to cover all benchmarks. Manipulation of any benchmark as defined by UK MAR, including benchmarks not regulated under SABR in the future, will still be prohibited.

Regulatory reporting

4.20 Regulatory reporting is a key tool that lets us supervise firms in a risk-based and data-led way. As part of our strategy to become a smarter regulator, we will develop reporting requirements for administrators of specified benchmarks. We will seek to collect only the information necessary, focusing on data most relevant to understanding the specified benchmark and its underlying risks.

4.21 Regulatory reporting may include regularly collecting key firm data and data related to administering the specified benchmark. Data requested could include financial, operational and compliance data so we can understand risks and ensure benchmark administrators have adequate controls for their specified benchmarks. We intend to further engage with industry to test and refine any potential regulatory reporting requirements. We intend to replace existing ad hoc data requests with standardised regulatory reporting.

4.22 We also intend to retain existing regulatory returns and supervisory notification requirements which are applicable to benchmark administrators, including the Baseline Financial Resilience Report (FIN073), the annual notification of disciplinary action relating to conduct rules staff (other than SMF managers) (REP008), SMF conduct breach notifications, notifications under Principle 11 (Relations with Regulators) and notifications under Chapter 15 of SUP. We will take into account the Senior Managers & Certification Regime reforms, which should streamline some of the SMR reporting for firms.

4.23 We will analyse information from firms to identify poor conduct and where there may be a risk of harm to users and markets. If we see indicators of significant harm, we will take appropriate supervisory or enforcement action.

Fees

4.24 Fees will change given the reduced scope of the future regime, which we will consult on in due course. We intend to take a proportionate approach and do not expect fees to increase as a result of the new regime.

Question 13: **Have we struck the right balance in our proposed approach to applying the above FCA baseline standards to specified benchmarks? Are there any specific considerations we should factor in, such as:**

a. Threshold conditions?

b. Change in control approvals?

Question 14: **Have we struck the right balance with SMR requirements under the new regime? If not, why not? Are there any other considerations we should factor in to how firms, particularly those that predominantly undertake unregulated activities, can be treated proportionately under SMR?**

Question 15: **Do you agree with our proposed approach on regulatory reporting? Are there any considerations we should factor into the development of our rules in this area?**

Question 16: **Do you have any views on how regular and detailed the reporting requirements should be?**

Question 17: **How much do you estimate or approximate it costs to comply with the current UK BMR in full-time equivalent (FTE) hours per year?**

Notes:

FTE hours are how many hours of work are dedicated to these procedures each year.

When estimating the FTE hours, consider as an example the incremental impact of doing any of the following: developing documentation, staff training, technology acquisition, setting up any IT systems, setting up any governance and/or oversight frameworks.

Question 18: What do you estimate would be the percentage increase or decrease in FTE hours to comply with the proposed approach for benchmark administrator requirements in Chapter 3 if one of your benchmarks is specified, compared to the current UK BMR?

Question 19: What do you estimate would be the percentage increase or decrease in FTE hours to comply with the proposed approach for baseline FCA standards in Chapter 4, compared to the current state?

Chapter 5

User and contributor requirements

5.1 This chapter outlines the proposed requirements for users of and contributors to specified benchmarks under SABR.

User requirements

5.2 Under the UK BMR, authorised firms must use benchmarks administered by firms on the FCA Benchmarks Register or the Third Country Benchmarks Register, unless transitional provisions apply. Under SABR, users will no longer be required to use only regulated benchmarks. They will be able to use any benchmark they deem appropriate for their business and clients.

5.3 While users will have more flexibility regarding benchmarks they use, they will not be able to rely on regulatory oversight for most benchmarks. Users may wish to consider whether further due diligence is needed, as part of their risk management arrangements, to ensure they are using benchmarks appropriate for their business and clients.

5.4 The UK BMR contains two other requirements relevant to users:

- Supervised users of regulated benchmarks need to have cessation plans and fallbacks in contracts about what they would do if a benchmark materially changes or ceases. The plans should nominate one or several alternative benchmarks that could be substituted and why. We propose to keep this, as explained below.
- Issuers, offerors, or persons asking for admission to trade on a regulated market need to disclose whether a benchmark is on the FCA register in prospectuses, where the object of the prospectus is transferable securities or other products. This requirement will become obsolete as a result of SABR, as explained below.

Desired outcomes

5.5 We seek the following outcomes through our regulatory regime:

- Users can access the benchmarks they need.
- Users check to ensure they use robust benchmarks that are fit for purpose for their business, whether regulated or not.
- Users have risk management arrangements in case a specified benchmark materially changes or ceases, or where there may be other issues.

General approach and proposals

5.6 It is important for users to plan for a specified benchmark materially changing or ceasing, and to consider alternatives to mitigate market disruption or harm to consumers. We intend to retain a cessation planning and fallback requirement in the new regime for authorised users of specified benchmarks. We are seeking views on how we can make cessation planning requirements more proportionate.

5.7 The requirement to disclose that a benchmark is on the FCA register in a prospectus will no longer be relevant in the new regime where users are not required to use only regulated benchmarks. We think this requirement should be removed. This will also ensure a level playing field between regulated and unregulated benchmarks. This would not substantively affect prospectuses that reference benchmarks, which may continue to contain information regarding benchmarks, under the Prospectus Rules: Admission to Trading on a Regulated Market disclosure requirements. Funds referencing relevant benchmarks would need to update prospectuses once the new regime is in place, to remove references to a benchmark being on the FCA register, as part of their regular update cycle.

5.8 We expect users to continue to meet their existing due diligence obligations within our rules, regardless of whether a benchmark is regulated or not. In addition, they should continue to refer to the IOSCO statement on matters for users of financial benchmarks to consider, when using benchmarks regardless of regulatory status. Users should also consider fallbacks and may wish to adhere to the International Swaps and Derivatives Association fallbacks protocol. We encourage users to continue choosing robust benchmarks that reflect deep, credible and liquid markets, and to have risk management arrangements in place, regardless of the regulatory status of the benchmark.

5.9 We are considering how to support users to undertake appropriate due diligence for non-regulated benchmarks. This could take the form of issuing non-binding best practice guidance. We want to know what users would like to be included. This would not replace existing due diligence as part of the investment process.

Question 20: **How have you implemented the requirement for cessation plans and fallback provisions when using benchmarks?**

Question 21: **Do you agree with the proposals for user requirements? If not, what should be done differently and why?**

Question 22: **Taking the package of changes as a whole, including the reduced number of benchmarks within the regulatory perimeter and the removal of restrictions on users under SABR, do you consider the proposed measures for cessation planning and fallbacks, and relying on existing due diligence arrangements, sufficient to mitigate the residual risks? If not, what additional measures may be needed?**

Question 23: **What would be most helpful to encourage best practice for authorised users in choosing robust benchmarks, and why?**

Contributor requirements

5.10 The UK BMR currently sets out the following requirements for contributors:

- Benchmark administrators must develop and maintain a code of conduct where a benchmark is based on input data from contributors, setting out the responsibilities that apply to those contributors.
- Authorised contributors must comply with certain requirements, including governance and control obligations, designed to manage conflicts of interest and support the accuracy and integrity of input data.

Desired outcomes

5.11 We seek the following outcome through our regulatory regime:

- Retain proportionate safeguards around contribution-based benchmarks where they are needed to support the accuracy, robustness and integrity of benchmarks.

General approach and proposals

5.12 We propose to retain requirements on administrators to develop a code of conduct where a specified benchmark is based on input data from contributors. We will also retain direct requirements on authorised contributors in relation to specified benchmarks. As noted in the government's consultation, there will be no regulatory requirements for non-authorised contributors.

Question 24: **Do you agree with the proposals for contributor requirements? If not, what should be done differently and why?**

Chapter 6

Wider considerations and implementation

6.1 This chapter covers how we plan to address competition and implementation considerations of SABR.

Mitigating anti-competitive effects

6.2 We support the government's aim for the new regime to support access to a wide range of benchmarks. As noted above, authorised firms will no longer be required to use regulated benchmarks.

6.3 The 2024 Wholesale Data Market Study highlighted that some of the most widely used benchmarks may not have suitable alternatives. The UK BMR recognises the importance of access to benchmarks and includes the obligation in Article 22 for critical benchmarks to be licensed under fair, reasonable, non-discriminatory, and transparent terms. Similarly, Article 37 of the UK Markets in Financial Instruments Regulation (UK MiFIR) includes an open access requirement for certain benchmarks used in trading and clearing. Both obligations were put in place to mitigate concerns that access to important benchmarks could be unduly restricted for commercial advantage. In the case of MiFIR Article 37, this is especially relevant where administrators of such benchmarks are in the same corporate group as a trading venue and/or central clearing counterparty.

6.4 We consider that the rationale for both obligations remains valid. In the new regime, we want to ensure that access to specified benchmarks is not unduly constrained. We therefore invite feedback on the effectiveness of the current access provisions and how they might be adapted to the new regime.

6.5 We are aware of concerns that administrators of specified benchmarks may benefit from perceived advantages under the new regime. Although only a small number of benchmarks will be subject to FCA supervision, users may make broader inferences about the administrators of such benchmarks, or the quality or regulatory status of non-regulated benchmarks administered by the same firm.

6.6 We therefore propose to require that administrators of specified benchmarks do not indicate or imply in their marketing material or otherwise that:

- designation by the government or regulation by us extends to or means approval or endorsement of the firm's non-regulated benchmarks
- using its benchmarks implies advantages to users, compared with a benchmark that is not designated.

6.7 This proposed requirement aims to reduce the risk that references to regulated benchmarks in the future regime would influence benchmark choice by users in a way that could distort competition.

Question 25: **Do you consider the current obligations on access to benchmarks and licensing terms to be effective? If not, why not?**

Question 26: **Do you consider that our proposals regarding benchmark administrators communicating their specified benchmark status strike the right balance between ensuring wide access and mitigating potential anti-competitive behaviour? Please explain why.**

Question 27: **Are there any other consequences of the reduced scope you could reasonably foresee? Please explain and give examples.**

Ensuring a smooth transition

6.8 We want to ensure a smooth transition to the new regime to avoid cliff-edges. If an authorised benchmark administrator has one or more of its benchmarks designated by the government when the new regime comes into effect, we do not expect it would need to submit a new application for authorisation. If we proceed with proposals to replace compliance oversight requirements with the SMF 16 Compliance Oversight function, benchmark administrators of specified benchmarks would need to submit an application for this function.

Links to other reforms and regimes

6.9 We want the new regime to complement other reforms we have made or announced, including:

- **ESG ratings:** The ESG Ratings Statutory Instrument (SI) provides for exemptions where an ESG rating is incorporated into a benchmark as captured by the UK BMR. The government has indicated that ESG ratings incorporated into benchmarks will continue to be exempt from the ESG Ratings SI. We will continue to keep the possible overlap between the two regimes under review.
- **Transaction reporting:** In CP25/32, we acknowledged that our analyses would be supported by standardised reporting of underlying index information in transactions. As noted in PS26/15, we will issue a Transaction Reporting User Pack to provide further guidance to firms. This will support improvements in data quality and more standardised reporting practices. Separately, CP26/26 proposes enhancing fund reporting for asset management entities to incorporate information on benchmarks. These reforms will improve our understanding of benchmark usage.

- **Market Abuse Regime:** The UK MAR will continue to cover all benchmarks. Manipulation of any benchmark as defined by UK MAR, including benchmarks not regulated under SABR in the future, will still be prohibited.
- **The Public Offers and Admissions to Trading Regulations 2024:** Fund prospectuses will need to be updated to change references to whether a benchmark is regulated. We have advised the government to take this into account as part of the legislative changes, to enable funds to make appropriate updates in their regular cycle before any legislative changes are in force.
- **Senior Managers & Certification Regime:** The ongoing reforms should ensure the overall regime is more proportionate and streamlined for firms.

Question 28: Are there any other factors we should consider for implementing the new regime?

Chapter 7

Conclusion

7.1 In this paper we have discussed our proposed approach to the rulebook for firms that provide, contribute to, or use benchmarks in scope of SABR. We welcome your views on how requirements can continue to protect market integrity and consumers, reduce unnecessary burdens, reflect recent market developments, align with UK regulatory practice, and support the government's objectives for SABR.

7.2 Your feedback will help us develop rules and guidance that are targeted, proportionate and focused on the most important risks for future specified benchmarks in the UK.

7.3 Please send your written comments to dp26-4@fca.org.uk by **22 January 2027**. Once the feedback period closes, we will consider your feedback and aim to publish a consultation paper with draft rules and guidance in summer 2027.

Annex 1

List of questions

Question 1: Do you agree with the list of factors that we would consider as part of the recommendations for designation or de-designation? If not, why not? Are there other data points or information sources or other considerations we should factor in the assessments?

Question 2: Do you agree with the process for our recommendation to the government for designating a benchmark? If not, why not?

Question 3: Do you agree with the proposed approach for conflicts of interest? If not, why not? Are there any additional factors we should be accounting for in developing these rules?

Question 4: Do you agree with maintaining the requirement for disclosing all existing and potential conflicts? If not, what should the correct threshold be?

Question 5: Are there particular types of conflicts that could arise within specified benchmarks that are not otherwise addressed by the proposals above?

Question 6: Do you agree with the proposed approach on requirements in relation to oversight, outsourcing and general organisational requirements? If not, why not? Are there any other considerations we should factor into the development of our rules in this area?

Question 7: Do you agree with the proposed approach for transparency and methodology requirements? If not, why not? Are there any other considerations we should factor into the development of our rules in this area?

Question 8: Do you agree with our proposed approach to systems and controls requirements for benchmark administrators? If not, why not? Are there any other considerations we should factor into the development of our rules in this area?

Question 9: Do you agree that we should introduce a tailored definition of 'complaint'? If so, what should this include? What types of issues do benchmark administrators treat as complaints in practice?

Question 10: Do you agree with our proposed approach to commodity benchmarks? If not, why not? What would be the impact if benchmarks with underlying assets related to commodities such as freight rates were subject to rules similar to Annex II of the UK BMR?

Question 11: Do you agree with the proposed approach to ESG benchmarks? If not, why not?

Question 12: Do you agree with the proposed approach for intervention and orderly wind-down? If not, why not? Are there any additional factors we should be accounting for in the development of guidance on our powers?

Question 13: Have we struck the right balance in our proposed approach to applying the above FCA baseline standards to specified benchmarks? Are there any specific considerations we should factor in, such as:

a. Threshold conditions?
b. Change in control approvals?

Question 14: Have we struck the right balance with SMR requirements under the new regime? If not, why not? Are there any other considerations we should factor in to how firms, particularly those that predominantly undertake unregulated activities, can be treated proportionately under SMR?

Question 15: Do you agree with our proposed approach on regulatory reporting? Are there any considerations we should factor into the development of our rules in this area?

Question 16: Do you have any views on how regular and detailed the reporting requirements should be?

Question 17: How much do you estimate or approximate it costs to comply with the current UK BMR in full-time equivalent (FTE) hours per year?

- FTE hours are how many hours of work are dedicated to these procedures each year.
- When estimating the FTE hours, consider as an example the incremental impact of doing any of the following: developing documentation, staff training, technology acquisition, setting up any IT systems, setting up any governance and/or oversight frameworks.

Question 18: What do you estimate would be the percentage increase or decrease in FTE hours to comply with the proposed approach for benchmark administrator requirements in Chapter 3 if one of your benchmarks is specified, compared to the current UK BMR?

Question 19: What do you estimate would be the percentage increase or decrease in FTE hours to comply with the proposed approach for baseline FCA standards in Chapter 4, compared to the current state?

Question 20: How have you implemented the requirement for cessation plans and fallback provisions when using benchmarks?

Question 21: Do you agree with the proposals for user requirements? If not, what should be done differently and why?

Question 22: Taking the package of changes as a whole, including the reduced number of benchmarks within the regulatory perimeter and the removal of restrictions on users under SABR, do you consider the proposed measures for cessation planning and fallbacks, and relying on existing due diligence arrangements, sufficient to mitigate the residual risks? If not, what additional measures may be needed?

Question 23: What would be most helpful to encourage best practice for authorised users in choosing robust benchmarks, and why?

Question 24: Do you agree with the proposals for contributor requirements? If not, what should be done differently and why?

Question 25: Do you consider the current obligations on access to benchmarks and licensing terms to be effective? If not, why not?

Question 26: Do you consider that our proposals regarding benchmark administrators communicating their specified benchmark status strike the right balance between ensuring wide access and mitigating potential anti-competitive behaviour? Please explain why.

Question 27: Are there any other consequences of the reduced scope you could reasonably foresee? Please explain and give examples.

Question 28: Are there any other factors we should consider for implementing the new regime?

Annex 2

Equality and diversity and ESG considerations

Equality and diversity considerations

1. Overall, we do not consider that the proposals in this Discussion Paper adversely impact any of the groups with protected characteristics, meaning age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment.

Environmental, social & governance considerations

2. In developing this Discussion Paper, we have considered the ESG implications of our proposals and our duty under ss. 1B(5) and 3B(c) of FSMA to have regard to contributing towards the Secretary of State achieving compliance with the net-zero emissions target under section 1 of the Climate Change Act 2008.

3. Overall, we do not consider the proposals in this paper impact those targets. While these proposals are intended to reduce burden, they would not reduce the information available to investors who wish to incorporate sustainability considerations into their investments or discourage them from doing so. Firms that use ESG benchmarks will still be subject to applicable transparency requirements such as the SDR and the anti-greenwashing rule. If an ESG benchmark is specified, proportionate rules would apply and ESG factors should be disclosed in line with usual transparency requirements for specified benchmarks.

4. Climate investment is important to the UK; however, we expect there will be minimal impact from removing the PAB and CTB labels as these labels are not widely used for climate investing. In the meantime, we welcome your input to this Discussion Paper on this.

Annex 3

Abbreviations used in this paper

Abbreviation	Description
CR	Certification Regime
CTB	Climate Transition Benchmarks
COND	Threshold Conditions Sourcebook
ESG	Environmental, Social, and Governance
EU	European Union
EU BMR	EU Benchmarks Regulation
FCA	Financial Conduct Authority
FSMA	Financial Services and Markets Act 2000
FTE	Full-Time Equivalent
IOSCO	The International Organization for Securities Commissions
LIBOR	London Interbank Offered Rate
PAB	Paris-aligned Benchmarks
SABR	Specified Authorised Benchmarks Regime
SDR	Sustainability Disclosures Regime
SMF	Senior Management Function
SMR	Senior Managers Regime
SUP	Supervision Manual
SYSC	Senior Management Arrangements, Systems and Controls Sourcebook
UK BMR	UK Benchmarks Regulation
UK MAR	UK Market Abuse Regulation
UK MiFIR	UK Markets in Financial Instruments Regulation

© Financial Conduct Authority 2026
12 Endeavour Square London E20 1JN
Telephone: +44 (0)20 7066 1000
Website: www.fca.org.uk
All rights reserved

Pub ref: 1-008628

All our publications are available to download from www.fca.org.uk.

Request an alternative format

Please complete this form if you require this content in an alternative format.

Or call 0207 066 1000



Sign up for our **news and publications alerts**