

PRIBOR Code of Conduct

Date: December 2019

Contents

1 Purpose.....	4
1.3 Alignment with Benchmark Regulation.....	4
1.4 Subject to Change.....	4
1.5 PRIBOR Benchmark Status.....	4
1.6 Binding Agreement.....	4
1.7 Requirements for acceptance on Panel.....	5
1.8 Assignment of the status of Panel Bank.....	5
1.9 Withdrawal of the status of Panel Bank.....	5
2 Systems and Controls of Panel Banks.....	6
2.1 Staff Training and Expertise.....	6
2.1.1 Panel Bank Training Programme.....	6
2.1.2 Identification and authorisation of Submitters.....	6
2.1.3 Notification of Authorised submitters to PRIBOR.....	6
3 Input Data Requirements.....	7
3.1 Description of Input Data.....	7
3.2 Internal Policies ensuring Panel Bank provides a relevant input data.....	7
3.3 Priority of Use of Input Data.....	8
3.4 Adjustments to Input Data.....	8
4 Contribution of Input Data.....	9
4.1 Processes for Contributing Data.....	9
4.2 Ensuring Integrity and Reliability of Input Data.....	9
4.3 Procedures for Contributing input data.....	9
4.3.1 Use of Automated systems to contribute rates.....	9
4.4 Ensuring appropriate and verifiable Input Data.....	10
4.5 Input Data from Front Office.....	10
4.6 Reporting Lines and Sign off of Input Data.....	11
4.7 Validation prior to submission.....	12
4.7.1 Erroneous Input Data.....	12
4.8 Whistleblowing Policy.....	12
4.9 Suspicious behaviour, manipulation and disciplinary procedures.....	12
4.9.1 Identification of Suspicious behaviour.....	12
4.9.2 Systems and Controls.....	12
4.10 Internal Reporting of Suspicious behaviour.....	13

4.11 Reversed Transactions	13
4.12 Disciplinary Procedures	13
4.13 Notifications to CFBF regarding Suspicious behaviour	13
4.14 Managing Breaches.....	13
4.15 Policies on Use of Discretion.....	13
4.16 Contribution of Input Data relying on Expert Judgement or Discretion	14
4.17 Periodic Reviews of input data and procedures	14
5 Management of Conflicts of Interest.....	14
5.1 Conflict of Interest measures.....	15
5.2 Maintenance requirements of Conflicts of Interest Policy	15
6 Record Keeping Policies.....	16
7 Requirement for access by Competent Authority	17
8 Requirement to provide information to CFBF	18
9 Audit Provisions	18
10 Effect.....	18
11 Definitions.....	18

Copyright © 2019 by Czech Financial Benchmark Facility s.r.o. (CFBF) All rights reserved.

This document or any portion thereof may not be reproduced or used in any manner whatsoever without the express written permission of the CFBF.

1.0 Purpose

1.1 The Purpose of this Code of Conduct is to ensure both consistent behaviour by Panel Banks and the input data is of the quality, accuracy and quantity needed by the methodology used to determine PRIBOR.

1.2 The Administrator, CFBF, has taken into consideration the nature, scale and complexity of the activities of the Panel Banks, including whether Panel Banks are supervised entities; whether conflict of interest may rise between the contribution to PRIBOR and trading or other activities performed by the Panel Banks; and the level of discretion involved in the process of contribution.

1.3 Alignment with Benchmark Regulation

This Code of Conduct is aligned with Regulation (EU) 2016/1011 of the European Parliament and associated ESMA Technical Standards published 5th November 2018. As the PRIBOR Benchmark is based on input data from Panel Banks the CFBF has developed this Code of Conduct clearly specifying Panel Banks' responsibilities with respect to the contribution of input data.

1.4 Subject to Change

This Code of Conduct may be subject to change on 30 days' notice. The CFBF shall adjust the Code of Conduct to ensure that it complies with regulatory requirements within 30 days of a notification from the competent authority. Panel Banks must ensure that appropriate changes are made to their policies and procedures within this timeframe or as advised by the CFBF.

1.5 PRIBOR Benchmark Status

PRIBOR (or Prague Interbank Offered Rate) is the average interest rate at which unsecured CZK funds are offered by Panel Banks in the interbank market, just prior to 11.00am local time.

PRIBOR has been deemed an 'Interest Rate Benchmark' by the CFBF as it is determined on the basis of the rate at which banks may lend to other banks in the money market.

1.6 Binding Agreement

Panel Banks shall become bound by this Code of Conduct upon its accession to this Code of Conduct by executing and delivering to the CFBF a 'Declaration of Accession' in a form provided by the CFBF.

Panel Banks shall certify their compliance with the provisions of this Code of Conduct by executing and delivering to the CFBF a 'Declaration of Compliance' on an annual basis, and in case of changes to it, in a form provided by the CFBF.

1.7 Requirements for Acceptance on Panel

A Panel Bank is required to be a supervised entity and to be a participant in the Czech interbank market.

1.8 Assignment of the Status of Panel Bank

A written application for the status of Panel Bank shall be sent by a bank to the CFBF. This application shall include a declaration of the applicant's ability and willingness to satisfy the obligations set out in this Code of Conduct.

The CFBF shall decide on the assignment of the status of Panel Bank within 60 days of receipt of the application. The assignment of the status of Panel Bank shall be discretionary and the CFBF shall not be obliged to give reasons for rejecting an application.

The CFBF shall notify the applicant of the decision in respect to the assignment of the status of Panel Bank within three working days of the decision being made. The decision shall include the date from which the Panel Bank shall start to submit Input Data to the CFBF.

The assignment of the Panel Bank status including the date from which a newly accepted bank starts to submit Input Data for the PRIBOR calculation shall be announced by the CFBF in writing to all other Panel Banks (and the Czech National Bank) within three working days of the decision being made.

1.9 Withdrawal of the Status of Panel Bank

The CFBF may withdraw the status of Panel Bank:

- a) at the request of the Panel Bank;
- b) in the case of non-compliance with the conditions of this Code of Conduct;

Panel Banks are obliged to notify the CFBF of the intent to put in a request pursuant to Clause 1.9(a) at least six months in advance.

The withdrawal of the status of Panel Bank shall be decided upon by the CFBF who are obliged to give reasons for the withdrawal. If the CFBF shall decide on the withdrawal of the status of a Panel Bank based on the request of the Panel Bank, then the decision must be made within 30 days from receipt of the request.

The bank shall be notified in writing of the decision in respect to the withdrawal of the status of Panel Bank within three working days of the decision being made. The decision shall become effective on the date stated in the notification and there is no right of appeal.

The CFBF shall inform other Panel Banks (and the Czech National Bank) of the decision on the withdrawal of the status of Panel Bank in writing within three working days of the decision being made. This shall include also information about the effective date of the withdrawal.

2 Systems and Controls of Panel Banks

2.1 Staff Training and Expertise

2.1.1 PANEL BANK TRAINING PROGRAMME

Each Panel Bank shall have training programmes to ensure that each submitter has:

- a) adequate knowledge and experience of how the PRIBOR is intended to measure the underlying market or economic reality;
- b) adequate knowledge of all the elements of this Code of Conduct
- c) adequate knowledge of BMR and Regulation (EU) No 596/2014 relevant to the contribution of input data.

Submitters within a Panel Bank should receive adequate training so that they have an adequate understanding of all the elements of this Code of Conduct. This is an essential element to ensure submitters act correctly and in line with the methodology of PRIBOR.

The knowledge of submitters referred to in points a), b) and c) above, shall be periodically re-assessed, at least annually, to verify that it is still appropriate that they act as submitters.

2.1.2 IDENTIFICATION AND AUTHORISATION OF SUBMITTERS

A Panel Bank will ensure the identification of the persons that may contribute Input Data to the CFBF and that procedures are in place to verify the identity of a Panel Bank and all its submitters, as well as authorisation of any submitters that contribute Input Data on behalf of a Panel Bank.

Each Panel Bank's submitter and the direct managers of that submitter shall acknowledge in writing that they have read this Code of Conduct and that they will comply with it.

The Panel Bank shall require that a person can act as a submitter of Input Data on behalf of their organisation only when a Panel Bank is satisfied that the person has the necessary skills, knowledge, training and experience for the role.

A Panel Bank will undertake a due diligence process before being satisfied that a person has the necessary skills, knowledge, training and experience to submit Input Data on its behalf. This process shall include undertaking checks to verify:

- a) the identity of the potential submitter;
- b) the qualifications of the potential submitter; and
- c) the reputation of the potential submitter, including whether the potential submitter has previously been excluded by any party from submitting input data to a benchmark for reasons of misconduct.

2.1.3 NOTIFICATION OF AUTHORISED SUBMITTERS TO PRIBOR

The Panel Bank will notify the identity of any individual authorised to submit Input Data on its behalf to the CFBF. The Panel Bank will use a form specifically designed by the CFBF for this purpose, which will be signed by a listed authority within the Panel Bank. The Panel Bank will

send the completed form to the CFBF via electronic mail to Helpdesk@cfbf.cz. On receipt of this form, the CFBF will confirm directly with the bank as to the details contained in the form for security purposes.

3 Input Data Requirements

3.1 Description of Input Data

Panel Banks are to provide Input Data to the CFBF, as follows:

- a) Quotes for the rate at which banks will lend to other banks in the money market at the time of quotation;
- b) Input Data should contain quotes for the Overnight (O/N), 1 week, 2 weeks, 1 month, 2 months, 3 months, 6 months, 9 months and 1 year tenors;
- c) Input Data should take into account the requirements as specified in Clause 3.3;
- d) Each tenor rate should be a positive or negative number to 2 decimal places;
- e) All tenor rates are to be provided each day;
- f) Input Data will be entered into the CFBF Calculating Agent system according to the Contribution Procedures for Panel Banks CFBF11001;
- g) Input Data will be required from Panel Banks each day banks are open in the Czech Republic;
- h) Input Data will be entered into the CFBF Calculating Agent system after 10:30am and before 10:45am each day. Panel Banks may, exceptionally, alter their submissions at that time, but not later than 10:55am local time;

3.2 Internal Policies Ensuring Panel Bank Provides Relevant Input Data

A Panel Bank should have in place policies to ensure that it provides all relevant Input Data. Each Panel Bank will have an Input Data policy that includes at least a description of:

- a) the data to be taken into account in determining the Input Data contribution;
- b) the data that a Panel Bank may exclude from a contribution of Input Data and any reason that might justify such an exclusion;
- c) a policy on the transmission of data to the CFBF that includes at least:
 - I. a method to be used for the secure transfer of data; and
 - II. contingency plans for submitting Input Data that address at least the following elements: technical and operational difficulties, the temporary absence of a submitter, and a lack of Input Data required by the methodology.

3.3 Priority of Use of Input Data

Input Data used for submission by a Panel Bank shall be given priority based on following three levels, where 'Level a' has the highest priority and 'Level c' has the lowest priority:

- a) Volume Weighted Average (VWA) of Fixed Rate transactions, where qualifying trades should be directly quoted without any adjustment. Trades eligible for this priority level are:
 - I. Loans in the unsecured Interbank Money Market denominated in CZK lent by a panel bank to another bank, resident or non-resident in the Czech Republic, with a minimum transaction value of 20 million CZK.
- b) VWA of Fixed Rate transactions, where qualifying trades should be directly referenced and an appropriate adjustment factor duly applied, so that the final derived rate would fit the criteria of a 'Level a' submission. For this priority, the following trades are equally eligible:
 - I. Loans in other unsecured Money Markets denominated in CZK lent by a Panel Bank to the Ministry of Finance or Financial Institutions;
 - II. 'Securities financing transactions' as defined by Regulation (EU) 2015/2365 art 3(11), where panel banks are placing CZK funds in exchange for taking CNB Bills as collateral. Transactions of this type concluded with the Central Bank should also be included;
 - III. Loans that would satisfy requirements of 'Level a' but with transaction value lower than 20 million CZK.
 - IV. Other loans for which an appropriate adjustment factor can be determined by a respective Panel Bank and duly applied.
- c) If a Panel Bank is lacking transactions eligible for 'Level a' and 'Level b', its expert judgement in relation to the following information should be considered and applied:
 - I. other correlated markets such as corporate deposits, overnight index swaps, interest rate swaps, forward rate agreements, foreign exchange forwards, interest rate futures or interest rate options;
 - II. observations of third-party transactions in the market described in point a), b) and c) above;
 - III. committed quotes or indicative quotes.

3.4 Adjustments to Input Data

Input Data may be adjusted, to correctly reflect the PRIBOR definition, by application of the following criteria:

- a) proximity of transactions to the time of provision of the Input Data and the impact of any market events between the time of the transactions and the time of the provision of the Input Data;
- b) interpolation or extrapolation from transactions data;
- c) adjustments to reflect changes in the credit standing of the Panel Banks and other market participants;

- d) if correlated market transactions are used in the determination of a submission, then the Panel Bank should apply a method of calculating their equivalence to the underlying market.

4 Contribution of Input Data

Each Panel Bank shall have in place a control framework that ensures the integrity, accuracy and reliability of Input Data.

4.1 Processes for Contributing Data

Each Panel Bank shall keep and maintain a documented and effective process for contributing Input Data, and shall include:

- a) a process for the designation of submitters and procedures for making contributions when a submitter is unexpectedly unavailable, including the designation of alternates;
- b) procedures and systems for monitoring the data used for the contributions, which should be capable of producing alerts in line with predefined parameters.

4.2 Ensuring Integrity and Reliability of Input Data

A Panel Bank shall have in place effective systems and controls to ensure the integrity and reliability of all contributions of Input Data to the CFBF, including:

- a) controls regarding who may submit Input Data to the CFBF including a process for sign-off by a natural person holding a position senior to that of the submitter;
- b) measures for the management of Conflicts of Interest, including organisational separation of employees where appropriate and consideration of how to remove incentives, created by remuneration policies, to manipulate PRIBOR;
- c) record-keeping, for a minimum of five years, of communications in relation to provision of Input Data, of all information used to enable the Panel Bank to make each submission, and of all existing or potential Conflicts of Interest including, but not limited to, the Panel Bank's exposure to financial instruments which use PRIBOR as a reference;
- d) record-keeping of internal and external audits.

4.3 Procedures for Contributing Input data

Each Panel Bank should have procedures for contributing Input Data, including requirements for the Panel Bank to specify whether Input Data is transaction data and whether Input Data conforms to the requirements set out in this Code of Conduct.

4.3.1 USE OF AUTOMATED SYSTEMS TO CONTRIBUTE RATES

Where a Panel Bank uses an automated system for the contribution of Input Data, where submitters are not able to modify the contribution of Input Data, Panel Banks must ensure that

they:

- I. are able to monitor the proper functioning of the automated system on a continuous basis; and
- II. check the automated system following any update or change to its software, before new Input Data is contributed.

4.4 Ensuring Appropriate and Verifiable Input Data

Each Panel Bank will ensure the availability of all information necessary to check where applicable that:

- a) The submitter has been authorised to contribute input data on behalf of the Panel Bank;
- b) Input Data is provided by the Panel Bank or is selected from a source specified by the CFBF within a time-period prescribed by the CFBF;
- c) Input Data is provided by the Panel Bank in a format specified by the CFBF;
- d) Input Data is contributed from the Input Data sources as per Clause 3.3 and in consideration of any necessary adjustments in accordance with Clause 3.4;
- e) the source of Input Data is reliable;
- f) the Input Data meets the requirements set out in the methodology in particular the requirements on the currency or the unit of measurement, the tenor, and the types of counterparties;
- g) relevant thresholds for the quantity of Input Data and standards for the quality of Input Data are met in accordance with the methodology;
- h) the priority of use of different types of input data are applied in accordance with the methodology;
- i) the exercise of any discretion or expert judgement in the contribution of Input Data is applied within the limits of the methodology and this Code of Conduct.

4.5 Input Data from Front Office

Each Panel Bank shall ensure that it has the following procedures in place:

- a) an internal oversight procedure that describes:
 - I. the respective roles of the three levels of control functions set out below, as well as the means of cooperation and flow of information between them;
 - II. regular reporting of the operations of the three levels of control functions to the senior management of the Panel Bank;
 - III. communication to the CFBF, upon request, of information requested by the CFBF relating to the Panel Bank's internal oversight and verification procedures.
- b) a first level of control function that is responsible for:

- I. effective checking of Input Data prior to contribution in accordance with any requirement for the validation of Input Data to which it is subject;
 - II. the review of Input Data prior to contribution to check its integrity and accuracy;
 - III. checking that the submitter is authorised to contribute Input Data on behalf of the Panel Bank in accordance with any requirement;
 - IV. the restriction of contributed Input Data to persons involved in the contribution process, except where access is justified under the rules and procedures of the Panel Bank, such as for persons involved in audits related to the contribution of Input Data or persons involved in investigations relating to suspicious Input Data or errors;
- c) a second level of control function that is responsible for:
- I. the review of Input Data after contribution, that is independent from the first level control function, in relation to the integrity and accuracy of the contributions;
 - II. the maintenance of a whistleblowing procedure that includes appropriate safeguards for whistleblowers;
 - III. the maintenance of procedures for the internal reporting of any attempted or actual manipulation of Input Data and any failure to comply with the Panel Bank's PRIBOR Benchmark-related policies and procedures as well as for the investigation of such events as soon as they become apparent;
 - IV. the maintenance of internal reporting procedures for any operational problems in the contribution process, as soon as they arise;
 - V. the maintenance of a physical presence of a staff member from the second level control function in the front office;
 - VI. surveillance of communications between front office function staff directly involved in contributions and between front office function staff directly involved in contributions and other internal functions or external bodies;
- d) a third level of control function that is independent from the first two levels of control and responsible for performing checks, on a regular basis on the controls exercised by the first two levels of control.

4.6 Reporting Lines and Sign off of Input Data

Each panel bank will ensure that they have:

- a) an outline of responsibilities within the Panel Bank, including internal reporting lines and accountability, the location of submitters and managers and the names of relevant individuals and alternatives;
- b) Internal procedures for sign off of contributions of Input Data;
- c) effective oversight of the process for contributing Input Data including risk management, the identification of senior personnel responsible for the process, and the involvement, if any, of the compliance and internal audit functions.

4.7 Validation Prior to Submission

The Panel Bank should meet this Code of Conduct requirements for the validation of Input Data before it is provided to the CFBF.

4.7.1 ERRONEOUS INPUT DATA

Each Panel Bank shall have procedures in place to address any errors discovered in the contributed Input Data.

Panel Banks will disclose any erroneous Input Data submitted during the determination process, as soon as it is discovered. Corrections to Input Data after the determination process has been completed, must be submitted according to the PRIBOR Post Publication Re-determination policy.

4.8 Whistleblowing Policy

Each Panel Bank should have a policy on whistleblowing, including appropriate safeguards for whistleblowers.

4.9 Suspicious Behaviour, Manipulation and Disciplinary Procedures

4.9.1 IDENTIFICATION OF SUSPICIOUS BEHAVIOUR

Each Panel Bank will ensure that it has a defined list of actions that would be considered suspicious, and the following procedures and rules are in place:

- a) effective procedures to prevent or control the exchange of information between persons engaged in activities involving a risk of conflict of interest where the exchange of that information may affect the PRIBOR Input Data contributed;
- b) rules to avoid collusion among Panel Banks, and between Panel Banks and the CFBF;
- c) measures to prevent, or limit, any person from exercising inappropriate influence over the way in which persons involved in the provision of Input Data carries out those activities.

4.9.2 SYSTEMS AND CONTROLS

A Panel Bank must have in place systems and controls to provide for at least the following:

- a) pre-contribution checks to identify suspicious Input Data, including effective checking processes in the form of a review of the data by a second person, and unusual data values;
- b) post-contribution checks to verify the Input Data has been contributed in accordance with the requirements of this Code of Conduct and to identify suspicious Input Data;

monitoring of the transfer of Input Data to the CFBF in accordance with the applicable policies.

4.10 Internal Reporting of Suspicious Behaviour

Each Panel Bank shall establish documented internal procedures that provide for its staff to report any suspicious Input Data to the Panel Bank's compliance function, if any, or to the Panel Bank's senior management.

4.11 Reversed Transactions

A Panel Bank should have in place controls to identify reversed transaction subsequent to the provision of Input Data.

The Compliance function of the Panel Bank shall report any findings, including reverse transactions, to management on a regular basis.

4.12 Disciplinary Procedures

Each Panel Bank will have in place disciplinary procedures in respect of attempts to manipulate, or any failure to report, actual or attempted manipulation by parties external to the contribution process.

4.13 Notifications to CFBF Regarding Suspicious Behaviour and Breaches of Regulation (EU) 2016/1011 or this Code of Conduct

Any attempts to manipulate the submission to the PRIBOR determination process, including breaches of the Panel Bank's own rules related to suspicious behaviour, must be immediately reported to the CFBF using the Whistleblowing mechanism on the CFBF website. The Panel Bank will provide all relevant information regarding the nature of the suspicious behaviour.

A Panel Bank is required to report detected breaches, or errors and the action taken as a consequence to the CFBF within one month of the matter being detected

4.14 Managing Breaches

A Panel Bank should have in place a procedure for detecting and managing breaches of Regulation (EU) 2016/1011 or this Code of Conduct. The procedure for managing breaches shall include reviewing any detected breach or error, and recording the actions taken as a consequence.

4.15 Policies on Use of Discretion

The Panel Bank should establish policies on the use of discretion that specify at least the following:

- a) the circumstances in which it may exercise discretion;
- b) the persons within the Panel Bank that are permitted to exercise discretion;
- c) any internal controls that govern the exercise of the Panel Bank's discretion in accordance with its policies;
- d) any persons within the Panel Bank that may evaluate ex-post the exercise of discretion.

4.16 Contribution of Input Data Relying on Expert Judgement or Discretion

Where the contribution of Input Data relies on expert judgement, the policies of a Panel Bank in relation of the use of judgement or the exercise of discretion shall include:

- a) a framework for ensuring consistency between different submitters, and consistency over time, in relation to the use of judgement or the exercise of discretion;
- b) identification of the information that can be used to support expert judgement or discretion, and of any information that should not be taken into account;
- c) procedures for the systematic review of any use of expert judgement.

Each Panel Bank shall keep records of the Input Data source that was considered for each contribution and any related exercise of discretion.

4.17 Periodic Reviews of Input Data and Procedures

Each Panel Bank will conduct regularly reviews, at least annually, of the input data and the procedures, systems and controls established in relation to the contribution of Input Data, and whenever there is a change in this Code of Conduct.

5 Management of Conflicts of Interest

Each Panel Bank shall have in place policies concerning the management of Conflicts of Interest. Each Panel Bank shall establish systems and controls concerning the management of Conflicts of Interest that include at least a Conflicts of Interest Policy that addresses:

- a) the identification and internal escalation of Conflicts of Interest;
- b) the recruitment process for submitters;
- c) remuneration policies of the Panel Bank's staff;
- d) potential Conflicts of Interest arising from the Panel Bank's management structure;
- e) communications between the submitters and other staff within the Panel Bank;
- f) any physical and operational separation between submitters and other staff of the Panel Bank;
- g) the Panel Bank's exposure to a financial instrument which uses PRIBOR;
- h) a register of Conflicts of Interest, that shall be kept up to date and used to record any Conflicts of Interest identified and any measures taken to manage them. The register shall be accessible by internal or external auditors;
- i) shall require that the staff of a Panel Bank that are involved in the contribution process are trained in relation to all policies, procedures and controls relating to the identification, prevention or management of Conflicts of Interest.

5.1 Conflict of Interest Measures

Each Panel Bank shall have in place the following measures for the management of Conflicts of Interest:

- a) a register of Conflicts of Interest, that shall be kept up to date and used to record any Conflicts of Interest identified and any measures taken to manage them. The register shall be accessible by internal or external auditors;
- b) appropriate internal oversight procedures; when there is no organisational or physical separation of employees, the oversight procedures shall prescribe rules on the interaction of submitters with front office employees.

5.2 Maintenance Requirements of Conflicts of Interest Policy

Each Panel Bank shall include in the establishment and ongoing maintenance of their Conflicts of Interest policy the following points:

1. the identification and disclosure to the CFBF of actual or potential Conflicts of Interest in relation to the Panel Bank's front office staff who are involved in the contribution process;
2. the separation of the remuneration of a submitter from the value of PRIBOR, the specific values of the submissions made and any performance of an activity of the Panel Bank that might give rise to a conflict of interest related to the contribution to PRIBOR;
3. a clear segregation of duties between front office staff involved in contributing Input Data and other front office staff;
4. a physical separation between front office staff involved in contributing Input Data and other front office staff; under certain circumstances this provision may not be required taking into consideration the nature, scale and complexity of the activities of the contributor, whether a conflict of interest may arise between the contribution to the benchmark and trading or other activities performed by the contributor, or the level of discretion involved in the process of contribution;
5. effective procedures to control the exchange of information between front office staff and other staff of the Panel Bank involved in activities that may create a risk of Conflicts of Interest, where that information may affect the Input Data contributed;
6. contingency provisions in case of temporary disruption of the controls regarding the exchange of information referred to in point (5);
7. measures to prevent any person from exercising inappropriate influence over the way in which front office staff involved in contributing Input Data carry out their activities;
8. measures to ensure that the provision of Input Data is not affected by any existing or potential conflict of interest and that, where any discretion is required, it is independently and honestly exercised based on relevant information in accordance with this Code of Conduct;
9. effective Conflicts of Interest management procedures and communication controls, both within their Panel Bank and between Panel Banks and other third parties, to avoid any inappropriate external influence over those responsible for submitting

rates. Submitters shall work in locations physically separated from interest rate derivative traders;

10. the removal of any direct link between the remuneration of employees involved in the provision of Input Data and the remuneration of, or revenues generated by, persons engaged in another activity, where a conflict of interest may arise in relation to those activities;
11. physical separation of submitters from other employees of the Panel Bank, where appropriate, taking into account: the level of discretion involved in the process of contribution; the nature, scale and complexity of the Panel Bank's activities; whether Conflicts of Interest may rise between the contribution of Input Data to PRIBOR and trading or other activities performed by the Panel Bank; and
12. measures for the management of conflict of interest should also include remuneration policies in relation to submitters that ensure that the remuneration of a submitter:
 - i. is not linked to PRIBOR nor to the specific values of the submissions made; and
 - ii. is not linked to the performance of a specific activity of the Panel Bank that may give rise to a conflict of interest with the contribution of Input Data to PRIBOR

6 Record Keeping Policies

Each Panel Bank should have adequate record-keeping policies and data will be kept on a medium that allows the storage of information to be accessible for future reference with a documented audit trail.

Each Panel Bank shall have in place record-keeping policies to provide that information be kept for a minimum of five years, or three years where the records are of telephone conversation or electronic communications, on a medium that allows the storage of information to be accessible for future reference.

Each Panel Bank shall keep a record of all relevant information necessary to check the Panel Bank's adherence to this Code of Conduct, including a record of at least the following information:

- a) policies and procedures governing the contribution of Input Data and any relevant changes therein;
- b) the register of Conflicts of Interest established;
- c) any disciplinary action taken against any of the Panel Bank's staff in respect of PRIBOR related activities;
- d) a list of submitters and persons performing checks in respect of contributions, including their names and roles within the Panel Bank, and the dates when the submission-related roles were authorised and exited;
- e) any interactions of submitters with the CFBF;
- f) sensitivity reports for interest rate swap trading books and other derivative trading books with a significant exposure to interest rate fixings in respect of Input Data;
- g) any queries regarding the input of data and their outcome of those

queries;

- h) any detection and management of breaches or errors with regard to Regulation (EU) 2016/1011 or this Code of Conduct and actions taken as a consequence.

Each Panel Bank shall keep detailed records of all relevant aspects of contributions of Input Data including:

1. the contribution of Input Data;
2. the data taken into account in determining the Input Data contribution, and any data that was excluded;
3. any use of discretion;
4. any input data checks undertaken by the contributor
5. communications in relation to the contribution of Input Data between the submitter and any persons within the Panel Bank performing checks in respect of contributions;
6. the process governing Input Data determination and the sign-off of Input Data;
7. the names of submitters and their responsibilities;
8. any communications between the submitters and other persons, including internal and external traders and brokers, in relation to the determination or contribution of Input Data.

Records to be kept of communications in relation to provision of Input Data by the Panel Bank shall include the contributions made and the names of the submitters.

Records to be kept of the Panel Bank's exposure to financial instruments that use PRIBOR as a reference shall include the type of activity of the Panel Bank that gives rise to the exposure.

Records to be kept of internal and external audits shall include the audit brief, the audit report, and a record of actions taken in response to each audit.

7 Requirement for Access by Competent Authority

7.1

The CFBF and Panel Banks accept that in order to fulfil their duties under this Regulation, the Czech National Bank (CNB) shall have, in conformity with the national laws of the Czech Republic, the following supervisory and investigatory powers:

- a) access to any document and other data in any form, and to receive or take a copy thereof;
- b) require or demand information from any person involved in the provision of, and contribution to, PRIBOR, including any service provider to which functions, services or activities in the provision of PRIBOR have been outsourced as well as their principals, and if necessary, summon and question any such person with a view to obtaining information;
- c) carry out on-site inspections or investigations, at sites other than the private residences of natural persons;
- d) enter premises of legal persons, in order to seize documents and other data in any form, where a reasonable suspicion exists that documents and other data related to the subject-matter of the inspection or investigation may be relevant to prove a breach of the Regulation and this Code of Conduct. Where prior authorisation is needed from the judicial authority of the Czech Republic, in accordance with national law, such power

shall only be used after having obtained that prior authorisation;

- e) require existing recordings of telephone conversations, electronic communications or other data traffic records held by a Panel Bank;
- f) request the freezing or sequestration of assets or both;
- g) require temporary cessation of any practice that the competent authority considers contrary to the Regulation and this Code of Conduct;
- h) impose a temporary prohibition on the exercise of professional activity.

8 Requirement to Provide Information to CFBF

8.1 Each Panel Bank will provide information relating to the Panel Bank's internal oversight and Data Input verification procedures within a reasonable timeframe, on demand by the CFBF.

8.2 Each Panel Bank shall fully cooperate with the CFBF and the CNB in the auditing and supervision of the provision of PRIBOR and make available the information and records kept in accordance with this Code of Conduct.

9 Audit Provisions

An external audit of the Input Data of a Panel Bank to PRIBOR, compliance with this Code of Conduct and the provisions of the Regulation shall be carried out for the first time six months after the introduction of this Code of Conduct, and subsequently every two years.

The PRIBOR Oversight Committee may require an external audit of a Panel Bank if dissatisfied with any aspects of its conduct. The audit will be conducted within three months of such a request being made and the Panel Bank will provide all necessary assistance in regard to these enquiries.

10 Effect

These procedures detailed in this document shall take effect on 1st April 2020.

11 Definitions

'benchmark' means any index by reference to which the amount payable under a financial instrument or a financial contract, or the value of a financial instrument, is determined, or an index that is used to measure the performance of an investment fund with the purpose of tracking the return of such index or of defining the asset allocation of a portfolio or of computing the performance fees.

'administrator' means Czech Financial Benchmark Facility s.r.o (CFBF) incorporated in the Czech Republic.

'contribution of Input Data' means providing any input data not readily available to the CFBF, or to another person for the purposes of passing to the CFBF, that is required in connection with the determination of PRIBOR, and is provided for that purpose.

"Competent Authority" is the Czech National Bank (CNB) who is the body responsible for authorisation, registration and ongoing supervision of the CFBF under BMR.

'Panel Bank' means a natural or legal person, or supervised entity that contributes Input Data to CFBF located in the European Union that meets the criteria for inclusion on the PRIBOR panel as is either:

- a) a credit institution as defined in point 1 of Article 4(1) of Regulation (EU) No 575/2013 of the European Parliament and of the Council;
- b) an investment firm as defined in point (1) of Article 4(1) of Directive 2014/65/EU;
- c) an insurance undertaking as defined in point (1) of Article 13 of Directive 2009/138/EC of the European Parliament and of the Council.

'submitter' means a natural person employed by the Panel Bank for the purpose of contributing Input Data.

'expert judgement' means the exercise of discretion by the CFBF or a Panel Bank with respect to the use of data in determining PRIBOR, including extrapolating values from prior or related transactions, adjusting values for factors that might influence the quality of data such as market events or impairment of a buyer or seller's credit quality, and weighting firm bids or offers greater than a particular concluded transaction.

"Input Data Source" means the collection of data that is used by a Submitter to determine their Input Data.

'input data' means the data in respect of the value of one or more underlying assets, or prices, including estimated prices, quotes, committed quotes or other values, used by the CFBF to determine PRIBOR.

'transaction data' means observable prices, rates, indices or values representing transactions between unaffiliated counterparties in an active market subject to competitive supply and demand forces.

'financial instrument' means any of the instruments listed in Section C of Annex I to Directive 2014/65/EU for which a request for admission to trading on a trading venue, as defined in point (24) of Article 4(1) of Directive 2014/65/EU, has been made or which is traded on a trading venue as defined in point (24) of Article 4(1) of Directive 2014/65/EU or via a systematic internaliser as defined in point (20) of Article 4(1) of that Directive.

'interest rate benchmark' means a benchmark at which banks may lend to, or borrow from, other banks, or agents other than banks, in the money market.

"The Regulation" or **"BMR"** refers to the Regulation (EU) 216/1011 of the European Parliament and associated ESMA Technical Standards published 5th November 2018.

"PRIBOR Post Publication Re-determination Policy" means the policy that outlines a recalculation of the benchmark due to the reporting of erroneous Input Data or erroneous calculation and publication of the benchmark.