

Compliance statement under Article 26 (3) of Regulation (EU) 2016/1011

Item	Text Field
A. General Information	
1. Date of creation of the compliance statement and of the latest update	Created: 30/01/19 Last updated: 24/06/19
2. Identity of the administrator	Deutsche Bank AG
<p>This section should identify:</p> <ul style="list-style-type: none"> • All Deutsche Bank's EU BMR benchmarks are classed as non-significant. <p>The provisions that we have chosen not to comply with are:-</p> <ul style="list-style-type: none"> • <i>Article 4 (8): An administrator shall establish specific internal control procedures to ensure the integrity and reliability of the employee or person determining the benchmark, including at least internal sign-off by management before the dissemination of the benchmark.</i> • <i>Article 5 (3) (a): 3.The oversight function shall operate with integrity and shall have the following responsibilities, which shall be adjusted by the administrator based on the complexity, use and vulnerability of the benchmark:</i> <i>(a) reviewing the benchmark's definition and methodology at least annually;</i> • <i>Article 11 (1) (b):.The provision of a benchmark shall be governed by the following requirements in respect of its input data:</i> <i>(a) the input data shall be sufficient to represent accurately and reliably the market or economic reality that the benchmark is intended to measure. The input data shall be transaction data, if available and appropriate. If transaction data is not sufficient or is not appropriate to represent accurately and reliably the market or economic reality that the benchmark is intended to measure, input data which is not transaction data may be used, including estimated prices, quotes and committed quotes, or other values;</i> <i>(b) the input data referred to in point (a) shall be verifiable;</i> <p>Explanations of non-compliance are decided in section 4 (ii) below.</p>	
B. Deutsche Bank AG chooses to not apply the following provisions of Regulation (EU) 2016/1011 with respect to its non-significant benchmarks listed below	
3. Identification of benchmark(s) for which this section is relevant	All Deutsche Bank EU BMR benchmarks are classified as non-significant benchmarks and all are relevant to this section.

4. (i) clear identification of each single provision;
(ii) for each provision listed under point (i), a dedicated, detailed and clear explanation of the reasons why the administrator considers it appropriate not to comply with that specific provision

4(i):

There are three (3) provisions of the EU BMR that Deutsche Bank does not apply to:-

- **A: Article 4 (8)**

(i) An administrator shall establish specific internal control procedures to ensure the integrity and reliability of the employee or person determining the benchmark, including at least internal sign-off by management before the dissemination of the benchmark.

- **B: Article 5 (3) (a)**

(i) The oversight function shall operate with integrity and shall have the following responsibilities, which shall be adjusted by the administrator based on the complexity, use and vulnerability of the benchmark:

(a) reviewing the benchmark's definition and methodology at least annually;

- **C: Article 11 (1) (b)**

1. The provision of a benchmark shall be governed by the following requirements in respect of its input data:

(a) the input data shall be sufficient to represent accurately and reliably the market or economic reality that the benchmark is intended to measure. The input data shall be transaction data, if available and appropriate. If transaction data is not sufficient or is not appropriate to represent accurately and reliably the market or economic reality that the benchmark is intended to measure, input data which is not transaction data may be used, including estimated prices, quotes and committed quotes, or other values;

(b) the input data referred to in point (a) shall be verifiable;

4 (ii)

- **A: Article 4 (8)**

(ii) DB does not complete a review prior to publishing every benchmark. DBIQ relies upon standard automated checks for benchmark determinations prior to release. As such, DBIQ believes it is impractical in view of the number of benchmarks administered by it for employees to sign off on each benchmark determination before it is released and in view of the nature of the benchmarks operated by it DBIQ does not consider that such sign-off would materially enhance the quality of determinations. In the exceptional cases where benchmarks are calculated manually, a "four eyes" check is implemented for benchmark determinations.

All individuals involved in the provision of benchmarks are included in the Roles Register. They have to sign an appointment letter and undertake a suitability assessment.

The Suitability assessment is undertaken by the business, with review from Compliance and BICG. The assessment considers a number of areas, including the individual's skills and experience, and qualifications before undertaking the role. The assessment also reviews that the individual has undertaken appropriate compliance training, any Employee Relations issues, the regulatory requirements for the role have been fulfilled and any red flags in relation to the individual's conduct on an annual basis.

- **B: Article 5 (3) (a)**

(ii) In respect of 3 (a) BICG will not be undertaking an annual review of all methodologies on an annual basis.

BICG has reviewed all EU BMR benchmarks as part of a comprehensive one-off methodology review. The review tested

- the robustness and appropriateness of Index Design and methodology (art 12 EU BMR) and Input Data (art 11); and
- the appropriateness of the disclosure to clients / public (art 13);

As these elements have been tested within this one-off methodology review, a secondary review should only be undertaken in the event of a material change to the benchmark/benchmark methodology; a change to the applicable regulation or where there is a change in the market that could impact the index design as not fit for purpose.

Assurance for the exception for 3(a) is provided from controls around BICG review and sign off of every new EU BMR Benchmark at launch and where there is a material changes; and in light of the comprehensive one-off review of all EU BMR benchmarks identified by DBIQ.

On an annual basis, BICG will undertake:

- A macro assessment of the markets underlying the Families of EU BMR Benchmarks (e.g. Equity, Commodity, Fixed Income, Others);
- A review of the changes in the applicable benchmark regulatory (including new technical guidance from ESMA, others);

DBIQ and BICG will then assess if any of the change observed caused:

- A Risk that the design of some of the DBIQ Benchmarks are not fit for the purpose of representing the market or economic reality that they are supposed to

	<p>measure (this Risk would be assessed at a Family level);</p> <ul style="list-style-type: none">• The need for some new regulatory requirements to be tested on methodologies of existing indices.• <u>C: Article 11 (1) (b)</u> <p>When conducting backtests, in the absence of 3rd party data sources, DB may opt to use internal data to supplement the historic calculations. When selecting such data sets, DBIQ will select vetted internal sources and endeavour to further validate the quality of this data. Live calculations are subject to the full control framework and input data is sourced from verifiable sources.</p>
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