
PROCEDURE OF REVIEW AND CHANGE OF INTEREST RATE BENCHMARKS METHODS*

* Excerpt from the Procedure of Review and Change of Interest Rate Benchmarks Methods, adopted by Board Resolution No. 80/2020, dated 29th October 2020, as amended

Translation according to legal condition as of 31st July 2025.

GENERAL INFORMATION AND SUBJECT MATTER OF THE PROCEDURE

The procedure relates to the Methods of interest rate benchmarks provided by the Administrator (hereinafter "benchmarks"), including the critical benchmark within the meaning of the Benchmarks Regulation (WIBOR).

If an index or a benchmark belongs to the family of benchmarks within the meaning of the Benchmarks Regulation, the provisions of the Procedure shall apply accordingly, taking into account the Key Elements of the Method and the subject scope of the procedure launched.

The procedure describes in detail the processes implemented by the Administrator for:

- cyclical and extraordinary review of benchmarks' and indices' Methods,
- changing the Methods and public consultations on changes to the Method of a particular benchmark or index,
- review and change of the definition of a material change Method of a benchmark or family of benchmarks,
- review and change regarding the Key Elements of the Method and materiality criteria or parameters for an index or a benchmark,
- cessation of the provision of an benchmark or index, including cessation of the provision of a critical benchmark.

The procedure does not include specific procedures as regards a given index or benchmark, if the procedure is an element of the Method for the index or benchmark in question, including replacement procedures for elements of the Method.

Unless otherwise stipulated in the Procedure, the Management Board and the Oversight Committee shall make decisions collegially in accordance with the procedure provided for in the regulations of the respective body.

[...]

The Oversight Committee oversees and evaluates decisions of the Management Board, makes recommendations on procedures, including foremost the decision to accept the results of Method reviews and consider them completed.

[...]

PROCEDURE FOR CYCLICAL REVIEW AND EXTRAORDINARY REVIEW OF THE METHOD

The Oversight Committee, with the support of the Management Board, shall review the Definition and the Method of an index or benchmark at least once a year, in accordance with the approved cyclical review plan, whereby, if the first review of the Definition and the Method is made, it shall be made no earlier than after the end of the calendar year in which the Administrator began to develop the index or benchmark in question, assuming full implementation of the Method and the release of the Rules or the Benchmark Statement.

[...]

Results of the review are adopted by the Management Board and presented to the Oversight Committee in the form of the Definition and the Method review report.

[...]

After reviewing the completed report and the Board's recommendations contained therein, the Oversight Committee may recommend to the Administrator:

- to keep the current Method unchanged,
- to carry out the procedure for changing the Method in connection with the proposal as to the change of the Method,
- to conduct a procedure of review and change of the Definition of Material Change of the Method, Key Elements of the Method, or materiality criteria or parameters.

The Oversight Committee decides on the approval of the results of the Definition and the Method review, as presented in the report of the Management Board, taking into account the recommendations

[...]

Management Board's initiation by the of an extraordinary review of the Method, not provided for in the cyclical review plan adopted, is mandatory upon any of the following circumstances:

- change in the number of Data Contributors for the purpose of determining an benchmark or family of benchmarks;
- termination of the permitted period of application of the Temporary Change of the Method without simultaneous initiation of the Procedure for Cessation of Provision (in the case of Reference Rates);
- request by a minimum of half of the Data Contributors to the Administrator for review.

PROCEDURE FOR INTRODUCTION, REVIEW AND CHANGE OF THE MATERIALITY CRITERIA OR PARAMETERS

The Management Board for each index or benchmark shall determine materiality criteria or parameters to assess the economic consequences of a proposed change of the Method in cases where the change relates to any of the Key Elements of the Method.

[...]

The materiality criteria or parameters for a given benchmark are defined in its respective Regulations.

The Oversight Committee reviews the materiality criteria for all benchmarks at least once every two years.

[...]

PROCEDURE FOR THE INTRODUCTION, REVIEW AND CHANGE OF THE DEFINITION OF MATERIAL CHANGE

The Management Board, for each index or benchmark, determines the definition of Material Change of the Method, which is approved by the Oversight Committee.

The definition of Material Change of the Method is specified in the Regulations of an index or benchmark.

In order to determine the definition of a Material Method Change for an index and benchmark, the Management Board shall determine the Key Elements of the Method and materiality criteria or parameters for each index and benchmark.

The Oversight Committee reviews the definition of Material Change in Method [...] no less frequently than every two years.

[...]

PROCEDURE FOR REVIEW AND CHANGE OF KEY ELEMENTS OF THE METHOD

The Management Board for each index or benchmark, determines Key Elements of the Method, which is approved by the Oversight Committee.

The Key Elements of the Method are specified in the respective Regulations of index or benchmark.

The Oversight Committee reviews the Key Elements of the Method [...] at least every two years.

[...]

METHOD CHANGE PROCEDURE

The procedure applies to a Material Change of Method and the introduction of a change of Method that is a non-material one.

A change in the Method of an index or a benchmark may be proposed by:

- the Management Board,
- the Oversight Committee,
- the Polish Financial Supervision Authority,
- Other public bodies and public administration offices,
- the provider of data to a particular index or benchmark.

The proposal to change the Method [...] should include a detailed justification for the proposed change. A proposal that does not meet this requirement shall not be presented to the Oversight Committee.

[...]

The Oversight Committee may recommend:

- take further action under this Method Change Procedure, including conducting an assessment, [...]
- rejection of the change proposal.

It is the responsibility of the Management Board to carry out the classification of a proposed change in the Method of an index or benchmark as a Material Change in Method or a change in Method that is not a Material Change.

The Management Board accepts and presents to the Oversight Committee a written report on the proposed change which includes the following:

an assessment of the validity of proposed Method change, including information on the potential scope of consultation and potential stakeholders taking part in the consultation process, in the case that the proposed change shall be deemed to be a Material Change following the classification process, or in the case that the change has not been classified as a Material Change, but in the opinion of the Management Board it is advisable to conduct public consultation, in line with the procedure applicable for a Material Change in Method.

[...]

Classification of a change in Method as a Material Change, is made in accordance with the definition of Material Change in Method applicable to the index or benchmark.

Should the Oversight Committee reject the proposed classification of a change of the Method:

The Oversight Committee justifies the change in the classification of the proposed change in the Method.

The Management Board is obliged to initiate the Method Change Procedure, consistently with a classification of the method change adopted by the Oversight Committee, whereas the Management Board can decide to initiate public consultation process in the case of a non-material change in the Method.

In the event that the Administrator is obliged to change the Method, Code of Conduct, or other rules for the critical benchmark by the KNF referred to in Article 23.6(d) of the Benchmarks Regulation, the Management Board shall prepare the report referred to [...] and implement the change in the Method of the critical benchmark, and in the event that it is not possible to adjust operational activities to this change, the procedure for cessation the provision of the critical benchmark shall be triggered. In the event of such a change, public consultation on the implementation of the change shall not be triggered.

Procedure for change of Method that is not a Material Change

In the case of method change proposals classified as a non-Material Method Change, the Management Board, taking into account the recommendation of the Oversight Committee, shall decide whether to implement or reject the non-Material Method Change, together with the timing of its entry into force.

[...]

Procedure for Material Change of the Method

In the case of proposals for changes in the method classified as a Material Change of the Method, the Oversight Committee, makes a recommendation as to:

- to reject the proposed change to the Method on the grounds indicated;
- conduct public consultations on the proposed Material Change of the Method, with adjustments to the extent recommended by the Oversight Committee, or
- To conduct public consultations on the proposed Material Change.

[...]

If a recommendation is received from the Oversight Committee to continue with the Procedure, the Management Board is required to conduct a consultation process.

PUBLIC CONSULTATION PROCESS

The Management Board adopts a consultation document describing the proposed Material Change of the Method, along with the rationale for its implementation, and the results of the processes used to verify the materiality of the change in Method, based on the materiality criteria or parameters set for the index or benchmark in question.

The Management Board is responsible for ensuring that the consultation document is published on the website, forwarded to external stakeholders, and collecting responses.

A summary of the public consultation process should be within a maximum of 4 weeks from the date of completion of the consultation, and if this deadline is waived, the Board shall provide information in this regard to the Oversight Committee.

[...]

External stakeholders primarily include:

- the Data Contributors,

- the Users of the index or benchmark, including, first and foremost, users of the index or benchmark to which the change under consideration relates under the licence agreement,
- industry associations,
- the National Bank of Poland.
- public authorities and public administration.

An 8-week comment period is adopted as the standard duration of one round of public consultations on a Material Change of the Method.

The duration of the round of public consultations may be shortened by the Management Board, upon approval of the shortened period by the Oversight Committee, in case of legitimate reasons.

[...]

The Management Board shall decide whether to adopt or abandon the Material Change after the Oversight Committee has approved the decision.

In the event of a divergence of positions on the Board's decision and the approval of the Oversight Committee mentioned above, the Board shall conduct a second round of public consultation.

The duration of the second round of public consultations and may be shortened only with the approval of the Oversight Committee.

After summarizing the results of the second round of public consultations, the Management Board shall make a decision on whether to adopt or abandon a Material Change of the Method only subject to the Oversight Committee's approval of the decision.

[...]

VALIDATION OF THE METHOD OF THE CRITICAL BENCHMARK

The Administrator shall validate the Method of the critical benchmark at least every two years, the purpose of which is to assess the ability of each critical benchmark it provides to measure a given market or economic realities. The validation is conducted as part of the Method review procedure. The Management Board may change the date or procedure of the validation subject to approval by the Oversight Committee.

[...]

PROCEDURE OF CESSATION OF BENCHMARK PROVISION

The Management Board may decide to cease the provision of a benchmark in particular in the event of the occurrence of at least one of the following circumstances:

- the number of Data Contributors fell below the minimum number provided for in the Method of the given Benchmark, which resulted in permanent insufficiency of input data,
- in the opinion of the Administrator, there has been a permanent change in economic reality which the benchmark aimed to measure, resulting in a permanent shortage of the input data,
- in the opinion of the Administrator, external circumstances and factors beyond Administrator's control do not allow the benchmark to remain representative due

to the inadequacy of the input data or the inability to ensure data compliance with the relevant Code of Conduct,

- in the opinion of the Administrator, the scale of use of the benchmark by financial market players in contracts, financial instruments and investment funds does not justify continuing the provision of the benchmark for business reasons,
- in the opinion of the Administrator, reasons other than those mentioned above beyond Administrator's control have occurred that make it impossible to provide the benchmark in a manner consistent with the provisions of the Benchmarks Regulation or its applicable Method,
- The KNF revoked the Administrator's authorization.

Once the decision has been made to cease provision of the benchmark, the Management Board shall submit to the Oversight Committee a proposal to cease the provision of the benchmark, together with a detailed justification, the proposed date for cessation of the provision and the date for making this information public.

The Management Board's proposal may include a proposal of a change to the method as an alternative to cessation of the provision of the benchmark.

In the case of cessation of a benchmark that serves as a base index to determine another benchmark, which are determined based on a mathematical function of the benchmark whose cessation has been proposed, such a proposal covers an analysis regarding the change of the method of benchmarks determined based on such a function, which includes verification if it shall be possible to change the method by replacing the base index with another benchmark, or using publicly available data, including data on other indices and benchmarks, particularly in the event where it is not possible to guarantee that the existing input data shall be sufficient to continue reliable and representative provision of the benchmark.

The Board's proposal may include a recommendation to conduct public consultations, which may include cessation of the provision of the benchmark or introduction of a change in the Method.

If the Management Board's proposal does not include the public consultations, the Oversight Committee may recommend such consultations to be conducted.

In the event a decision to conduct public consultations is taken, the Management Board shall resubmit a proposal to the Oversight Committee, taking into account the results of the public consultations.

The Oversight Committee may:

- accept the submitted proposal to cease the provision of the benchmark without objection or reject it,
- make its comments on the Management Board's proposal in cases that were subject to the Administrator's review

If the Oversight Committee's approval is obtained, the Management Board shall decide to cease the provision of the benchmark within the timeframe agreed with the Oversight Committee and immediately inform the KNF.

If the Oversight Committee has commented on the proposal and justification for the cessation, the Management Board after reviewing the comments, may:

- supplement the proposal and the justification, and then resubmit the proposal to the Oversight Committee for approval, or
- consider the Oversight Committee's comments as grounds for changing the position expressed in the proposal with regard to the existing possibilities of adapting the Method to the changed circumstances by introducing a change in the Method.

In the event of diverging positions between the Management Board and the Oversight Committee, the final decision to cease the provision of the benchmark shall be made by the Management Board. The Management Board shall inform:

- the Oversight Committee, the KNF and the NBP - immediately in writing,
- Entities using the benchmark - in writing, within the time limit adopted in the decision,
- other stakeholders and the public - through its website and press agency, within the time limit adopted in the decision.

Where possible, the Management Board shall present to the users of the benchmark the course of proceeding in connection with the cessation of the provision of the benchmark. In order to determine the said course of proceeding, the Management Board may, in particular, with the approval of the Oversight Committee, issue a recommendation to the benchmark users, including an indication of an alternative index or benchmark.

[...]

The Management Board shall immediately inform about issuing a recommendation:

- the KNF and the NBP;
- Entities using the benchmark the provision of which was ceased;
- other stakeholders and the public - by publishing the recommendation along with the justification for its issuance on the Administrator's website.

CESSATION OF THE CRITICAL BENCHMARK PROVISION

The decision on the intention to cease provision of the critical benchmark shall be made taking into account the provisions of Articles 21 and 23 of the Benchmarks Regulation.

If a decision is made to cease the provision of the critical benchmark, the Management Board, upon approval of the Oversight Committee, shall submit to the KNF the notification referred to in Article 21(1)(a) including the assessment referred to in Article 21(1)(b) or the assessment referred to in Article 23(3) of the Benchmarks Regulation. The points referring to the procedure of cessation of the benchmark shall apply accordingly to cessation of a critical benchmark, following the assessment referred to in Article 21 (1) (b) of the Benchmarks Regulation, save that in the case where the decision is made to cease provision of a critical benchmark and, as part of the assessment referred to in Article 21(2) (b) of the Benchmarks Regulation, the oversight authority has issued an obligation to continue provision of the benchmark, the administrator may introduce a change of the method which involves sourcing additional data, as long as (1) the data contributors have consented to provision of such data, or (2) such data is publicly available, including data on other indices or benchmarks, in particular if there is a risk that it may not be possible to ensure that the existing input data shall be sufficient to continue reliable and representative provision of the benchmark during an orderly fashion cessation of the benchmark.

Should the method of a critical benchmark be changed during run off period , the Administrator publicly announces that such a benchmark shall no longer be applied in new financial contracts and instruments.

If the KNF orders a mandatory administration of the relevant critical benchmark in line with Article 21, or orders a mandatory contribution of input data subject to Article 23 of the Benchmarks Regulation, the Management Board shall publish on its website the end date for mandatory provision of the benchmark or mandatory contribution of input data indicated by the KNF.

The Management Board is responsible for introducing the changes resulting from the measures taken by the KNF in the documentation concerning the given critical benchmark subject to cessation, having notified the Oversight Committee.

Upon the consultation stage with the KNF, taking into account the periods of mandatory administration or contribution of data, the Management Board, taking into account the opinion of the Oversight Committee, shall determine the date of cessation of the critical benchmark and make it public.

REVIEWS AND UPDATES TO THE PROCEDURE

[...]

Amendments to this Procedure are made by the Management Board and approved by the Oversight Committee.

[...]