

COMPLIANCE STATEMENT

This document shows the Compliance Statement of Bucharest Stock Exchange (BVB) as administrator of non-significant benchmarks (BET family) pursuant to art. 26(3) of Regulation (UE) 2016/1011 (BMR)¹.

The Compliance Statement:

- Lists the BMR's provisions that Bucharest Stock Exchange has chosen not to apply and an explanation for each provision stating why BVB does not comply with (point C),
- has been drawn up in accordance with the provisions of the Commission Implementing Regulation (EU) 2018/1106².

A) GENERAL INFORMATION

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| 1. Date of creation Date of last update | 24.06.2020 19.04.2022 |
| 2. Identity of the administrator: | Bursa de Valori Bucuresti S.A. LEI CODE: 2549004BOCU15LMNDJ92 |
| | 34 - 36 Carol I Boulevard 020922, 14th Floor, Bucharest, sector 2, ROMANIA |

¹Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) no. 596/2011.

²Commission Implementing Regulation (EU) 2018/1106 laying down implementing technical standards with regard to templates for the compliance statement to be published and maintained by administrators of significant and non-significant benchmarks pursuant to Regulation (EU) 2016/1011

B) LIST OF BENCHMARKS FOR WHICH BVB CHOOSE NOT TO APPLY SPECIFIC BMR PROVISIONS:

| # | SHORT INDEX NAME | LONG INDEX NAME | ISIN |
|----|------------------|---|--------------|
| 1 | BET® | Bucharest Exchange Trading Index | ROXBSEI00005 |
| 2 | BET-TR® | Bucharest Exchange Total Return Index | ROXBSEI00070 |
| 3 | BET-TRN | Bucharest Exchange Net Total Return Index | ROC05FKJWRL5 |
| 4 | BET-XT® | Bucharest Exchange Trading Extended Index | ROXBSEI00039 |
| 5 | BET-XT-TR® | Bucharest Exchange Trading Extended Total Return Index | ROXBSEI00088 |
| 6 | BET-XT-TRN | Bucharest Exchange Trading Extended Net Total Return Index | ROBXXTM11432 |
| 7 | BET-FI® | Bucharest Exchange Trading - Investment Funds Index | ROXBSEI00021 |
| 8 | BET Plus® | Bucharest Exchange Trading Plus Index | ROXBSEI00062 |
| 9 | BET-NG® | Bucharest Exchange Trading Energy and Related Utilities Index | ROXBSEI00047 |
| 10 | BET-BK® | Bucharest Exchange Trading Benchmark Index | ROXBSEI00054 |
| 11 | BET AeRO | Bucharest Exchange Trading AeRO Index | ROVU6M1O8LM3 |

C) BVB CHOOSES NOT TO APPLY THE FOLLOWING PROVISIONS OF BMR:

| BMR PROVISIONS | BMR PROVISION WHICH BVB CHOOSES NOT TO APPLY | EXPLANATION |
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| Article 4 para 2. <i>Governance and conflict of interest requirements</i> | 2. The provision of a benchmark shall be operationally separated from any part of an administrator's business that may create an actual or potential conflict of interest. | BVB provides non-significant benchmarks based on regulated data, generated by its own trading system, having a reduced degree of complexity, usage and vulnerability. By the <i>Procedure for identification of and management of conflicts of interest</i> BVB has established the principles for identification and management of conflict of interest. The above- |

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| | | <p>mentioned procedure is applicable to BVB's Board members, Index Commission members as well as to BVB employee, including those involved in providing the benchmarks. The procedure's provisions adoption is meant to ensure the minimization of conflicts of interest in general and the activities of providing benchmarks in particular.</p> |
| <p>Article 4 para 8.</p> <p><i>Governance and conflict of interest requirements</i></p> | <p>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.</p> | <p>BVB provides non-significant benchmarks based on regulated data, generated by the trading system, having a reduced degree of complexity, usage and vulnerability.</p> <p>BVB is entitled not to apply the provisions of art. 4 para. 8. given that the establishment (determination) of indices takes place automatically and in real time, through the trading platform, based on the updating of the prices of transactions on the main market (codification: REGS and XRS1 respectively). Therefore, the continuous determination (calculation) and dissemination of indices is performed without any human intervention, where no person / employee establishes the index level. In addition, the internal approval of the management before the dissemination of the benchmark is impossible.</p> |
| <p>Article 5 para 3.</p> <p><i>Oversight function requirements</i></p> | <p>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:</p> <p>(a) reviewing the benchmark's definition and methodology at least annually;</p> | <p>BVB provides non-significant benchmarks based on regulated data, generated by its own trading system, having a reduced degree of complexity, usage and vulnerability.</p> <p>(a) The current reviewing procedure (of the definition and of the methodology) which assigns these responsibilities to Index Commission has proven its reliability over time. Is useful to continue the reviewing of index methodology through the current procedure, by involving the Index Commission in reviewing the</p> |

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| | <p>(b)overseeing any changes to the benchmark methodology and being able to request the administrator to consult on such changes;</p> <p>(c)overseeing the administrator's control framework, the management and operation of the benchmark, and, where the benchmark is based on input data from contributors, the code of conduct referred to in Article 15;</p> <p>(d) reviewing and approving procedures for cessation of the benchmark, including any consultation about a cessation;</p> <p>(e)overseeing any third party involved in the provision of the benchmark, including calculation or dissemination agents;</p> | <p>benchmark definition and the methodology, rather than the oversight function. This approach is in line with the particularities related to the composition of the Index Commission (according to art. 27 paragraph (2) and art. 26 of Regulation of Organization and Functioning - document available here).</p> <p>(b) The current BVB rules framework provides that changes brought to the benchmark methodologies adopted by the Index Commission, to be approved by the company's Board. This procedure consolidated by complying with the requirements provided in point 29 of the <u>Norm no. 21/2019 regarding the application of ESMA Guide concerning the reference indicators not significant from the Regulation concerning reference indicators</u> aims to comply with the highest governance standards in the field of NSB's administration.</p> <p>(c) The oversight function does not oversight the BVB control framework.</p> <p>(d) The procedures for terminating the benchmark shall comply with the principles set out in point 3. (b) above. Therefore, such procedures do not require to be assigned to the oversight function.</p> <p>(e) Not applicable; providing of benchmark is performed directly, through BVB's own technological infrastructure, not by calculation / dissemination agents. However, the dissemination of indices already calculated / disseminated by BVB is made on the basis of contractual relations with third parties in which the obligations of the parties in relation to the redistribution of index data are established.</p> |
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| | <p>(f) assessing internal and external audits or reviews, and monitoring the implementation of identified remedial actions;</p> <p>(g) where the benchmark is based on input data from contributors, monitoring the input data and contributors and the actions of the administrator in challenging or validating contributions of input data;</p> <p>(h) where the benchmark is based on input data from contributors, taking effective measures in respect of any breaches of the code of conduct referred to in Article 15; and</p> <p>(i) reporting to the relevant competent authorities any misconduct by contributors, where the benchmark is based on input data from contributors, or administrators, of which the oversight function becomes aware, and any anomalous or suspicious input data.</p> | <p>(f) The oversight function has the responsibilities provided by the <u>Norm no. 21/2019 regarding the application of ESMA Guide concerning the reference indicators not significant from the Regulation concerning reference indicators.</u></p> <p>(g) Not applicable; input data are not provided by contributors.</p> <p>(h) Not applicable; input data are not provided by contributors.</p> <p>(i) Not applicable; input data are not provided by contributors.</p> |
| <p>Article 11 para 1. (b)</p> <p><i>Input data</i></p> | <p>1. The provision of a benchmark shall be governed by the following requirements in respect of its input data:</p> <p>(b) the input data referred to in point (a) shall be verifiable;</p> | <p>Input data are exclusively trading data whose use for the purpose of determining indices occurs automatically and in real time, without human intervention.</p> |
| <p>Article 13 para 2.</p> <p><i>Transparency of methodology</i></p> | <p>2. The procedures required under point (c) of paragraph 1 shall provide for:</p> <p>(a) advance notice, with a clear time frame, that gives the</p> | <p>BVB provides non-significant benchmarks based on regulated data, generated by its own trading system, having a reduced degree of complexity, usage and vulnerability.</p> |

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| | <p>opportunity to analyse and comment upon the impact of such proposed material changes; and</p> <p>(b) the comments referred to in point (a) of this paragraph, and the administrator's response to those comments, to be made accessible after any consultation, except where confidentiality has been requested by the originator of the comments.</p> | <p>In addition, the size and nature of the indices, reflected at this moment by a limited number of contractual partners having the right of using and disseminating the indices. On the other hand, the principles on transparency already established allow analysis and transmission of comments related to any benchmarks methodology's changes on an ongoing basis. Therefore, is reasonable for BVB not to establish specific notification procedures in the manner required by the para 2 of article 13 of BMR.</p> |
| <p>Commission Delegated Regulation (EU) 2021/1352</p> <p>Article 1 para 1. (b)</p> | <p>1. (b) A benchmark methodology shall be subject to an assessment of the relationship between the key assumptions used and the sensitivity of the benchmark computed by that methodology</p> | <p>BVB provides non-significant benchmarks based on regulated data, generated by its own trading system automatically and in real time, having a reduced degree of complexity, usage and vulnerability.</p> |
| <p>Commission Delegated Regulation (EU) 2021/1352</p> <p>Article 4 para 1.</p> | <p>1. Administrators shall assess the impact of various market conditions on the methodology using historical data from stressed market conditions.</p> | <p>BVB provides non-significant benchmarks based on regulated data, generated by its own trading system automatically and in real time, having a reduced degree of complexity, usage and vulnerability.</p> |
| <p>Commission Delegated Regulation (EU) 2021/1352</p> <p>Article 4 para 2.</p> | <p>2. Administrators shall use parameters and assumptions in the methodology to capture a variety of historical or, in the case of administrators of critical benchmarks, hypothetical conditions, including the most volatile periods experienced by the markets and taking into account a variety of hypotheses</p> | <p>BVB provides non-significant benchmarks based on regulated data, generated by its own trading system automatically and in real time, having a reduced degree of complexity, usage and vulnerability.</p> |

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| | for correlation between underlying assets. | |
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