[redacted]

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Sent: 30 March 2012 17:55
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Subject: Follow-up to the meeting with Independent Index Providers on Article 30 of MiFIR

Dear all,

Many thanks again for your availability to meet on 9 March and apologies for the delay in reverting back to you on some of your follow-up questions.

As stated at the meeting, Article 30 of MiFIR has far reaching negative consequences on independent index providers' (IIPs) business models, which threatens to turn the IIPs into utilities. We also believe that Article 30 is not only detrimental to Index/benchmarks providers but also to the diverse constituency of markets, intermediaries and end-user investors whose activities benefit from an already highly competitive and high quality Benchmark services sector. Furthermore, there are low barriers to entry and opportunities continually exist for new benchmarks to be developed and/or to replace existing ones. As explained when we met, we believe that it is likely that Article 30 would in fact reduce competition, raise costs and discourage innovation in the longer term.

Regarding your question about index substitutability, please note that various index providers produce indices that measure similar markets, which are highly competitive and give investors a choice as to which index to use when wanting to gain exposure to a given market or sector. Any market participant, trading venue or CCP could develop, or request an index provider to develop, an index/benchmark which could compete directly with current incumbents. Please see the chart below for your internal use only showing some examples of the high level of correlation amongst indices in the equities markets segment.

[4.2]

[4.2]

[4.2]

[4.2]

[4.2]

[4.2]

[4.2]

[4.2]

Additionally, market participants often publish research on the internet analyzing equity indices and markets (such as index linked ETFs), which corroborates our points above. For example, Blackrock publishes research such as the Equity Index Guide, which is available at: http://fr.ishares.com/fr/pc/stream/pdf/false/publish/repository/documents/en/downloads/brochure_equity_index_guide.pdf

Regarding ETFs, Deutsche Bank publishes research which shows the top ETFs listed in Europe and their associated indexes. The instructions for accessing this research are set out in the attached Word document.

Furthermore, we have also attached for your internal use only a spreadsheet containing Argus-Platts physical energy price correlations. As you will read, physical commodity price series are highly correlated - [redacted] - and therefore easily substitutable. A number of other IIPs for physical commodities have similar indexes. Please note that the data attached covers price indexes for 4 specific grades of crude oil and a number of petroleum products, for important wholesale markets around Europe. These indexes are also used as underlyings for commodity derivatives. Regarding the Gasoline Eurobob indexes (this is a key blending component used by industry in the production of gasoline) are an example of a newer price series that Argus, Platts and other IIPs have individually developed, responding to changes in the technical composition of gasoline (in this case regulations on biofuels). Such technical changes are common in the energy commodity markets, so new indexes like these are quite frequent. Gasoline Eurobob indexes are examples of fledging series (hence a slightly lower correlation [redacted] where in order to help foster liquidity, it would be sensible and of broad benefit to the market and to consumers for a particular IIP to license trading in its index derivatives to a limited number of exchanges. Indeed, fledgling Gasoline Eurobob indexes are used in derivatives that provide price hedging tools for producers and distributors of gasoline. So without sufficient liquidity in the derivatives, gasoline suppliers will lack important tools to help manage their operations in supplying gasoline to European motorists.

Finally, regarding your question about transparency, IIPs make their methodologies publicly available on their websites as this is a requirement of their client base.

We hope that the above and attached is useful to respond to your concerns and as agreed at the meeting, the various companies will individually revert back to Emil on your other question relating to exclusive agreements in Europe.

Many thanks in advance for the attention you could give to this important matter and for your possible support in avoiding the damage that article 30 of MIFIR could have on IIPs' business models.

We remain at your disposal for any other follow-up questions you might have.

Kind regards,

Ana

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