



Directorate-General for Financial Stability, Financial Services and Capital
Markets Union
European Commission
Rue de Spa 2
1049 Brussels
Belgium

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Invesco

43-45 Portman Square, London W1H 6LY
United Kingdom

Telephone/Switchboard +44 (0)20 7543 3500
Facsimile +44 (0)20 7543 3588
www.invesco.co.uk

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**For the attention of the Directorate-General for Financial Stability, Financial Services and Capital
Markets Union**

With respect to the European Commission consultation on the regime applicable to the use of benchmarks administered in a third country, please find attached Invesco's additional comments in response to 'Questions for supervised entities using benchmarks'

Invesco welcomes the opportunity to respond to the consultation and thanks the European Commission for its constructive engagement with stakeholders.

Yours sincerely,

Michael O'Shea
Senior Public Policy Manager

Direct: +44 (0) 207 034 3819
Email: michael.oshea@invesco.com

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Registered in England at
Perpetual Park, Perpetual Park Drive
Henley-on-Thames, Oxfordshire, RG9 1HH, UK
Group VAT No. GB 245 0557 71

Invesco response to the European Commission consultation on the regime applicable to the use of benchmarks administered in a third country - Additional comments in response to 'Questions for supervised entities using benchmarks'

| To what extent does your activity rely on benchmark administered by third country entities? | | | | | |
|--|--|---|--|--------------------|----------------|
| Not at all | Some reliance | Moderate reliance | Strong reliance | Exclusive reliance | Not applicable |
| | | | | | |
| At the time of writing (August 2022), with respect to Invesco's EMEA ETF business, in accordance with the ESMA registers of benchmark administrators and third country benchmarks, approximately 11% of the benchmarks that we use for our range of exchange-traded products are administered by a third country administrator. | | | | | |
| If available, please provide notional amounts/values (unit: EUR 1,000) (or an estimate thereof) for your organisation's use of third country benchmarks in each of the following settings. If the breakdown is not available, please provide the total value. | | | | | |
| No response provided. | | | | | |
| What is/are your organisation's reasons for using non-EU benchmarks? | | | | | |
| No particular reason | Established practice/ business relationship with benchmark administrator | No equivalent EU benchmark available | Equivalent EU benchmark available, but not cost free or more expensive | Other | Not applicable |
| | | | | | |
| Invesco may use a benchmark administered in a third country that is compliant with the EU BMR due to established business relationships with benchmark administrators, as this allows us to maximise the benefits related to the use of global franchises. In addition, Invesco may use a benchmark administered in a third country that is compliant with the EU BMR where no equivalent EU benchmark is available or in the development of a new product that seeks to provide investors with an exposure to markets/asset classes available outside EU. | | | | | |
| Please provide a full list of all third country benchmarks your organisation uses as well as their administrators. | | | | | |
| No response provided. | | | | | |
| Do you anticipate that all third country benchmarks that you might wish to use in offering financial services and products in the future (i.e., post 31 December 2023) will be either deemed equivalent, recognised or endorsed for use in the Union under the current BMR third country framework? | | | | | |
| Yes | No | Not applicable | | | |
| | | | | | |

At the time of writing (August 2022), the European Commission has granted equivalence to two jurisdictions under the EU BMR: Australia and Singapore. According to the ESMA register of third country benchmarks, only three third country benchmarks are available for use by supervised entities in the EU under these equivalence determinations. In addition, there are 11,835 third country benchmarks recognised for use by supervised entities in the EU under Article 32 of the EU BMR and 4,561 third country benchmarks endorsed for use by supervised entities in the EU under Article 33 of the EU BMR.

While we do not make use of all benchmarks administered in a third country made available for use by supervised entities in the EU under Articles 30, 32 and 33 of the EU BMR, we expect to have sufficient access to appropriate third country benchmarks post-31 December 2023 which will allow us to continue to provide our products and services to clients in the region, and to continue to ensure fair outcomes for investors. Moreover, as with any third parties that Invesco engages, we expect our partners to comply with all EU rules and guidance as necessary and relevant to their activities in the region. This is an important part of our due diligence processes when engaging third parties.

Do you believe that the current grandfathering provisions in the BMR, Article 51 paragraph 5, suffice to ensure that you have access to all indices that you need for managing your portfolio of financial products and services?

| Yes, they will suffice. | No, our activities will be affected by the entry into application of the BMR third country regime despite the grandfathering provisions | Not applicable |
|-------------------------|---|----------------|
| | | |

As outlined in a previous response, Invesco expects to have sufficient access to appropriate third country benchmarks post-31 December 2023 which will allow us to continue to provide our products and services to clients in the region, and to continue to ensure fair outcomes for investors. Moreover, as with any third parties that Invesco engages, we expect our partners to comply with all EU rules and guidance as necessary and relevant to their activities in the region. This is an important part of our due diligence processes when engaging third parties.

To what degree have the benchmark administrators whose third country benchmarks you use already communicated on the conditions for the availability of these benchmarks beyond 31 December 2023, that is to say after the third country provisions start applying? Among benchmark administrators that have communicated on such availability, how many indicated that their benchmarks will not be available, or are likely to be unavailable, beyond 31 December 2023?

No response provided.

In light of the answers above, please provide your estimation of the impact of the entry into application of the rules on third country benchmarks in the BMR on your activities (e.g., on revenues or costs)?

No response provided.

Do you anticipate competitive disadvantages vis-à-vis competitors that are not supervised entities within the scope of the BMR if the third country "market access" rules for benchmarks enter into application without changes in 2024 at the latest?

| Yes | No | Not applicable |
|-----|----|----------------|
| | | |

Notwithstanding our comments made in response to questions on the availability of benchmarks administered in a third country after the entry into application of the EU BMR third country regime, it is possible that entities that use third country benchmarks which are not considered “supervised entities” for the purposes of the EU BMR could have an competitive advantage in comparison to supervised entities post-31 December 2023 should they have access to certain third country benchmarks that supervised entities do not (i.e., those third country benchmarks that are not made available for use by supervised entities in the EU under the EU BMR equivalence, recognition or endorsement provisions post-31 December 2023).

Do you / does your organisation use benchmarks advertising ESG features that are administered in a third country?

| Yes | No | Not applicable |
|-----|----|----------------|
| | | |

What is your estimation of the share of those ESG benchmarks you use that are administered in a third country?

At the time of writing (August 2022), Invesco does not currently use benchmarks advertising ESG features that are administered in a third country, however we may seek to use such benchmarks in the future where appropriate and in the best interests of investors, and in compliance with the requirements of the EU BMR.

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