



Bank of Russia



# BANK OF RUSSIA STATEMENT

OF COMPLIANCE WITH THE “PRINCIPLES FOR FINANCIAL BENCHMARKS” OF THE INTERNATIONAL ORGANIZATION OF SECURITIES COMMISSIONS IN ITS ADMINISTRATION OF RUONIA

Moscow  
23 December 2020

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The Bank of Russia Statement of Compliance was prepared by the Bank of Russia Executive Office, the Statistics Department and the Internal Audit Department.

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# I. The Bank of Russia's Approach to Compliance with the "Principles for Financial Benchmarks" of the International Organization of Securities Commissions

The Bank of Russia is the administrator of the [Ruble Overnight Index Average](#) (RUONIA), which is the weighted average interest rate on overnight interbank ruble loans (deposits) (hereinafter, "RUONIA").

Before 2020, RUONIA was administered by the SRO National Finance Association, or SRO NFA (before 2015: the National Foreign Exchange Association, which joined SRO NFA in 2015). The Bank of Russia performed the functions of the settlement and publication agent. In May 2020, the Bank of Russia and SRO NFA entered into an agreement on the new RUONIA administration procedure. According to the agreement, the Bank of Russia is responsible for the whole RUONIA administration process, including the methodology of RUONIA, data collection, and the calculation and publication of the interest rate.

In 2020, the Bank of Russia conducted a self-assessment of its compliance with the [Principles for Financial Benchmarks](#) in its administration of RUONIA. The "Principles for Financial Benchmarks" were published by the International Organization of Securities Commissions in 2013 and were endorsed by the Financial Stability Board as the best practice for the administration of financial benchmarks.

In this statement, the Bank of Russia provides the results of the self-assessment of its compliance with the abovementioned Principles (see Section IV). The purpose of this statement is the improvement of transparency in RUONIA administration, the maintenance of its high standards, and the assurance of financial market participants that use RUONIA in the pricing of financial instruments of RUONIA's reliability and quality, and of the Bank of Russia's compliance with international norms.

The performance by the Bank of Russia (as by other central banks worldwide) of the functions of the interest rate administrator reflects a global trend based on the fact that central banks, as public institutions, conform with the principles, standards and procedures ensuring the reliability and independence of the financial benchmark

determination process. Central banks acting as benchmark interest rate administrators include, among others, the US Federal Reserve, the European Central Bank, the Bank of Japan, the Bank of England, and the Reserve Bank of Australia.

## SELF-ASSESSMENT SUMMARY

As the RUONIA administrator, the Bank of Russia is fully in charge of all the stages of the process, including the RUONIA methodology, the compilation of the list of RUONIA contributors, data collection, and the calculation and publication of the interest rate. In the administration of RUONIA, the Bank of Russia addresses three objectives:

- ensuring the compliance of RUONIA with the “Principles for Financial Benchmarks” of the International Organization of Securities Commissions;
- minimising the cost of adaptation of RUONIA to the legislative requirements of the EU and the UK for financial benchmarks ([EU Benchmark Regulation](#));
- ensuring the overall operational continuity of RUONIA.

The Bank of Russia has created the required control framework to ensure the quality of RUONIA and takes anti-corruption measures and actions to avoid conflicts of interest in the process of administration of RUONIA. In the Bank of Russia, control over compliance with international requirements is vested with the RUONIA Oversight Committee, which includes external members.

RUONIA is based on the daily reporting of the credit institutions included in the list of RUONIA contributors and is published by 15:00 Moscow time the next business day following transactions. The regulatory requirements for reporting ensure the timeliness, completeness and reliability of the information based on which RUONIA is calculated. The calculation of RUONIA for each business day is based on actual operations and reflects the economic reality of the interbank market.

The interest rate is weighted by volume and number of counterparties. The data used in the calculation are subject to internal control. The calculation algorithm enables the elimination of outliers – minimum and maximum interest rate transactions – as well as the consideration of the number of credit institutions that made transactions at a given interest rate level. Due to the statistical filters implied in the algorithm for RUONIA calculation, the interest rate dynamics are smooth and reflect the general market trend. The RUONIA value is published together with data on the volume of operations and number of counterparties. If publication is impossible due to a technical failure, the Bank of Russia applies a reserve benchmark calculation procedure that ensures the continuity of RUONIA.

Prior to introducing any methodological changes, the Bank of Russia carries out public consultations. To ensure transparency in the administration of RUONIA, the Bank of Russia holds public expert sessions and releases consultation papers. Communication with RUONIA subscribers and RUONIA contributor banks takes place at SRO NFA or at any other non-governmental organisations uniting financial market participants. Following such communications, the Bank of Russia publishes an information notice or a press release, or its representatives make statements at thematic conferences.

The Bank of Russia conducts internal audits to assess the RUONIA administration process. Additionally, one channel to ensure the quality of RUONIA is the receipt and handling of the inquiries of subscribers and [stakeholders to the benchmark](#). Any applicant may address the Bank of Russia with a suggestion, complaint or question regarding RUONIA.

## PRACTICAL IMPORTANCE OF RUONIA

RUONIA is used for the monitoring and analysis of the efficiency of the achievement of the operational objectives of the Bank of Russia's monetary policy. The pricing of a range of financial instruments, such as loans, bonds and derivatives, is linked to RUONIA. The part of the Russian public debt is expressed in ruble bonds, which coupon income is linked to RUONIA.

## II. The Bank of Russia's Statement

The Bank of Russia is responsible for the identification of the control objectives and the design of control procedures to ensure compliance with the «Principles for Financial Benchmarks» of the International Organization of Securities Commissions. The Bank of Russia is also responsible for the fair description of the control procedures in this statement.

To ensure compliance with the «Principles for Financial Benchmarks» of the International Organization of Securities Commissions, the Bank of Russia has suitably designed control procedures regarding the administration of RUONIA.

Section IV contains a detailed description of the control objectives and procedures to ensure compliance with the «Principles for Financial Benchmarks» of the International Organization of Securities Commissions as of 23 December 2020.

The Bank of Russia confirms that:

1. The accompanying descriptions in Section IV fairly present the Bank of Russia's control procedures which were in place; and
2. The control procedures are suitably designed such that the specified control objectives aimed at complying with the «Principles for Financial Benchmarks» will have been achieved if the control procedures were complied with satisfactorily.



**Ksenia Yudaeva**  
*The First Deputy Governor of the Bank of Russia*

## III. Independent Practitioner's Assurance Report



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### Independent Practitioner's Assurance Report

To the First Deputy Governor of the Bank of Russia for money market statistics

#### Subject matter information

The assurance engagement relates to the Statement of Compliance made by the Bank of Russia with the "Principles for financial indicators" implemented by the IOSCO and published in July 2013 (hereinafter - "IOSCO Principles"), including the following:

- ▶ The description of control procedures performed by the Bank of Russia in Section IV of the Statement of Compliance;
- ▶ The confirmation of existence of control procedures that are suitably designed such that the specified control objectives aimed at complying with the IOSCO Principles will have been achieved if the described control procedures were complied with satisfactorily.

#### Applicable criteria

The applicable criteria against which the underlying subject matter was measured are set out in the IOSCO Principles.

#### Specific purpose

This report is intended solely for the information and use of the management of the Bank of Russia for the purpose of compliance with the "Principles for financial indicators" implemented by the IOSCO and published in July 2013 and must not be used for other needs. The report refers exclusively to the Bank of Russia Statement of Compliance with the IOSCO Principles as at 23 December 2020 and must not be associated with any financial statements of the Bank of Russia as a whole.

#### Responsible party's responsibilities

The management of the Bank of Russia is responsible for internal controls being designed and implemented to prevent the Bank of Russia Statement of Compliance with IOSCO Principles from being materially misstated.



The management of the Bank of Russia is responsible for the fair description of the control procedures in the Statement of Compliance (Section IV) and for defining control procedures that ensure achieving control objectives when these procedures are satisfactorily performed.

In addition, the management of the Bank of Russia is responsible for ensuring that the documentation provided to the practitioner is complete and accurate.

#### **Practitioner's responsibility**

We conducted our assurance engagement in accordance with International Standards on Assurance Engagements ISAE 3000 (revised). These regulations require that we comply with ethical standards and plan and perform our assurance engagement to obtain reasonable assurance about the Bank of Russia Statement of Compliance with the IOSCO Principles.

We apply International Standard on Quality Control 1 (ISQC 1), and accordingly, we maintain a robust system of quality control, including policies and procedures documenting compliance with relevant ethical and professional standards and requirements in law or regulation.

We comply with the independence requirement and other ethical requirements of the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which establishes fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The procedures selected depend on the practitioner's judgment. The procedures include, in particular, inquiry of the personnel and additional procedures aimed at obtaining evidence about the Statement of compliance.

We believe that procedures performed are sufficient and appropriate to provide a basis for our conclusion.

Control procedures designed to address specified control objectives are subject to inherent limitations and, accordingly, errors or irregularities may occur and not be detected. Such control procedures cannot guarantee protection against (among other things) fraudulent collusion especially on the part of those holding positions of authority or trust. Furthermore, our conclusion is based on historical information and the projection of any information or conclusions in the attached report to any future periods would be inappropriate. Our procedures were not sufficient to enable us to conclude on the design effectiveness or operation of policies or controls in place to address the IOSCO Principles and, accordingly, we do not express an opinion thereon.

#### **Summary of work performed**

The procedures performed in respect of the subject matter were based on our professional judgment and included, but were not limited to, inquiries of personnel, inspection of documents, evaluating the appropriateness of policies and procedures for the compliance with the IOSCO Principles. Details of the procedures performed are included in Section IV.



**Practitioner's conclusion**

In our opinion, the Bank of Russia Statement of Compliance with the IOSCO Principles is, in all material respects, fairly stated.

The partner in charge of the reasonable assurance engagement resulting in this independent practitioner's assurance report is - Zaichikova Eugenia Vladimirovna.

A handwritten signature in blue ink, appearing to be 'E. V. Zaichikova', with a stylized flourish at the end.

E. V. Zaichikova  
Partner  
Ernst & Young LLC

23 December 2020

**Details of the entity**

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Ernst & Young LLC is a member of Self-regulatory organization of auditors Association "Sodruzhestvo". Ernst & Young LLC is included in the control copy of the register of auditors and audit organizations, main registration number 12006020327.

# VI. Description of Compliance with the “Principles for Financial Benchmarks of Financial Securities Commissions” of the International Organization of Securities Commissions

Additional information on the results of the self-assessment of the Bank of Russia’s compliance with the “Principles for Financial Benchmarks” in its administration of RUONIA is presented below for each principle.

No.	Principle	Bank of Russia’s compliance with the principle	Work performed by EY
1	<p><b>Overall responsibility of the administrator.</b></p> <p>The administrator should retain primary responsibility for all aspects of the benchmark determination process. For example, this includes: the definition of the benchmark and its methodology; accurate and timely compilation and publication and distribution of the benchmark; ensuring appropriate transparency over significant decisions affecting the compilation of the benchmark and any related determination process, including contingency measures in the event of absence of or insufficient inputs, market stress or disruption, failure of critical infrastructure, or other relevant factors; establishing credible and transparent governance, oversight and accountability procedures for the benchmark determination process, including an identifiable oversight function accountable for the development, issuance and operation of the benchmark.</p>	<p><b>The Bank of Russia is compliant with this principle.</b></p> <p>The Bank of Russia, as the administrator of RUONIA, is responsible for all stages of the benchmark determination process. The administration tasks of the Bank of Russia include: methodological support of the administration of RUONIA, including the determination of the benchmark methodology and the preparation of the RUONIA contributors list; the collection and preparation of RUONIA-related data based on supervisory reporting; the calculation of RUONIA, including the calculation of the reserve value in the event of untimely or incomplete data; the publication of RUONIA and relevant documents on the Bank of Russia’s website; the storage of RUONIA-related data; the handling of inquiries related to RUONIA and its administration by the Bank of Russia; communication with RUONIA subscribers and international organisations regarding the administration and use of RUONIA. In the Bank of Russia, control over compliance with international requirements is vested with the RUONIA Oversight Committee, with the involvement of external members. The administration of RUONIA is subject to internal audit, as well as to external audit with the involvement of an international auditor with experience in auditing benchmark interest rates abroad. Information on RUONIA and its administration is provided in the internal documents of the Bank of Russia and is also published on the Bank of Russia’s official website.</p>	<p>We examined the following internal documents of the Bank of Russia:</p> <ul style="list-style-type: none"> <li>• The Organisational Structure of the Bank of Russia;</li> <li>• Order “Regarding Establishment of the RUONIA Oversight Committee in the Bank of Russia”;</li> <li>• Regulations regarding Departments involved in the administration process;</li> <li>• Order “Regarding Organisation in the Bank of Russia the Administration Process of the RUONIA Ruble Overnight Interest Rate”;</li> <li>• Segregation of duties between the Bank of Russia’s Governor and Bank of Russia’s Deputy Governors;</li> <li>• Regulation of Interaction Between the Divisions of the Bank of Russia When Calculating and Publishing the RUONIA Ruble Overnight Index Average of the Russian Interbank Market;</li> <li>• Directive “Regarding Segregation of Duties in the Statistics and Data Management Department When Administering RUONIA”</li> </ul> <p>and ensured that the Bank of Russia is responsible for all aspects of the determination and administration of RUONIA, and that the abovementioned documents describe the functions and responsibilities of the divisions of the Bank of Russia involved in the RUONIA determination and publication process.</p> <p>We examined the “Control Framework of the Bank of Russia, Anti-Corruption Measures for RUONIA Administration” document and ensured that the Bank of Russia has developed a system of controls to minimise risks related to the performance of the role of RUONIA administrator.</p> <p>We examined the following documents:</p> <ul style="list-style-type: none"> <li>• Methodology for the Determination and Publication of the RUONIA Ruble Overnight Interbank Lending Rate;</li> <li>• Regulation of Interaction Between the Divisions of the Bank of Russia When Calculating and Publishing the RUONIA Ruble Overnight Index Average of the Russian Interbank Market</li> </ul> <p>and ensured that, in the event of technical issues or emergencies, the Bank of Russia has an action plan to ensure the continuity of RUONIA calculation. We obtained a description of the authorities of the RUONIA Oversight Committee (hereinafter, the “Oversight Committee”) and ensured that its functions include control over the RUONIA administration process.</p>

No.	Principle	Bank of Russia's compliance with the principle	Work performed by EY
2	<p><b>Oversight of third parties.</b> Where activities relating to the benchmark determination process are undertaken by third parties – for example collection of inputs, publication or where a third party acts as calculation agent – the administrator should maintain appropriate oversight of such third parties. This principle does not apply in relation to a third party from whom an administrator sources data if that third party is a regulated market or exchange.</p>	<p><b>This principle is not applicable.</b> As the administrator of RUONIA, the Bank of Russia is responsible for all stages of the benchmark determination process, and it has no agents ensuring the collection of input data or the calculation or publication of the benchmark.</p>	<p>We obtained the following documents and ensured that the Bank of Russia administers RUONIA without the involvement of third parties:</p> <ul style="list-style-type: none"> <li>• Order "Regarding Organisation in the Bank of Russia the Administration of the RUONIA Ruble Overnight Interest Rate";</li> <li>• Regulation of Interaction Between the Divisions of the Bank of Russia When Calculating and Publishing the RUONIA Ruble Overnight Index Average of the Russian Interbank Market;</li> <li>• Directive "Regarding Segregation of Duties in the Statistics and Data Management Department When Administering RUONIA".</li> </ul>
3	<p><b>Conflicts of interests for administrators.</b> To protect the integrity and independence of benchmark determinations, administrator should document, implement and enforce policies and procedures for the identification, disclosure, management, mitigation or avoidance of conflicts of interest. Administrator should review and update its policies and procedures as appropriate. The administrator should disclose any material conflicts of interest to their users and any relevant regulatory authority, if any. The administrator should ensure that:</p> <ul style="list-style-type: none"> <li>• existing or potential conflicts of interest do not inappropriately influence benchmark determinations;</li> </ul>	<p><b>The Bank of Russia is compliant with this principle.</b> The Bank of Russia enforces internal policies and procedures for the mitigation and avoidance of conflicts of interest.</p> <ul style="list-style-type: none"> <li>• The Bank of Russia uses the Code of Ethics and Professional Conduct, in accordance with which Bank of Russia employees should take measures to prevent and manage conflicts of interest.</li> <li>• Prohibitions, limitations and duties to prevent conflicts of interest of Bank of Russia employees are established by several federal laws, including Federal Law No. 86-FZ, dated 10 July 2002, "Regarding the Central Bank of the Russian Federation (Bank of Russia)"; Federal Law No. 273-FZ, dated 25 December 2008, "Regarding Countering Corruption"; and Federal Law No. 230-FZ, dated 3 December 2012, "Regarding the Control of Correspondence of Expenses of Persons Occupying Public Positions and Other Persons to Their Income". The Bank of Russia has released internal regulations and directives based on the abovementioned federal laws.</li> </ul>	<p>We examined the "Control Framework of the Bank of Russia, Anti-Corruption Measures for RUONIA Administration" document and ensured that it describes a set of anti-corruption measures, as well as measures to identify, detect, prevent and manage conflicts of interest. We ensured that the document is publicly available on the Bank of Russia's website.</p> <p>We have examined the Bank of Russia Risk Management Policy and ensured that it describes a set of measures to prevent, identify and manage conflicts of interest that may occur when the Bank of Russia acts as the RUONIA administrator.</p> <p>We obtained the Code of Ethics and Professional Conduct of the Bank of Russia and ensured that it establishes a requirement to take measures for the prevention and management of conflicts of interest.</p> <p>We ensured that the matters of conflicts of interest, confidentiality and anti-corruption for Bank of Russia employees are governed by the federal laws, internal regulations and directives specified by the Bank of Russia in the self-assessment results.</p>

No.	Principle	Bank of Russia's compliance with the principle	Work performed by EY
3	<ul style="list-style-type: none"> <li>personal interests or connections or business connections do not compromise the administrator's performance of its functions;</li> <li>segregation of reporting lines within the administrator, where appropriate, to clearly define responsibilities and prevent unnecessary or undisclosed conflicts of interest or the perception of such conflicts;</li> <li>adequate supervision and sign-off by authorized or qualified employees prior to releasing benchmark determinations;</li> <li>the confidentiality of data, information and other inputs submitted to, received by or produced by the administrator, subject to the disclosure obligations of the administrator;</li> <li>effective procedures to control the exchange of information between staff engaged in activities involving a risk of conflicts of interest or between staff and third parties, where that information may reasonably affect any benchmark determinations;</li> <li>adequate remuneration policies that ensure all staff who participate in the benchmark determination are not directly or indirectly rewarded or incentivized by the levels of the benchmark.</li> </ul>	<ul style="list-style-type: none"> <li>RUONIA is used for the monitoring and analysis of the efficiency of the achievement of the operational objectives of the Bank of Russia's monetary policy. The Statistics and Data Management Department performs the functions of RUONIA determination independently from the Monetary Policy Department and Market Operations Department. The Statistics and Data Management Department does not report to the Bank of Russia executive responsible for the development and implementation of monetary policy. Performance by the Bank of Russia of statutory functions does not in any way influence RUONIA administration, which has an independent nature.</li> <li>Internal documents regulate the distribution of functions for receiving and submitting data for the calculation of RUONIA, for calculating and publishing RUONIA, for methodologically supporting RUONIA administration, and they define the procedure for the registration and handling of inquiries of RUONIA subscribers and stakeholders, as well as for the control of responses to such inquiries. In accordance with the distribution of functions, an employee may participate in only one function. The remuneration of employees involved in benchmark determination does not depend on the value of the benchmark.</li> <li>In order to prevent conflicts of interest, RUONIA is calculated fully automatically. Publications on the Bank of Russia's website are also performed automatically with the use of automatic uploading. Individual decisions from particular employees are therefore not required for the daily calculation and publication of RUONIA.</li> <li>The functions of the RUONIA Oversight Committee include the initiation of measures to prevent possible conflicts of interest in RUONIA administration. The Committee also initiates an external audit to check the Bank of Russia's compliance with the principles for financial benchmarks and reviews the auditor's report. In the event of new conflicts, the Committee, together with the Human Resources Department of the Bank of Russia, ensures the development of additional measures.</li> </ul>	<p>We obtained the Register of Notifications of Bank of Russia's employees about any personal interests during their performance of official duties which lead or may lead to a conflict of interest and ensured that registered notifications are properly included.</p> <p>We examined the following documents:</p> <ul style="list-style-type: none"> <li>Directive "Regarding Segregation of Duties in the Statistics and Data Management Department When Administering RUONIA",</li> <li>Order "Regarding Administration of the RUONIA Ruble Overnight Interest Rate",</li> <li>Regulation of Interaction Between the Divisions of the Bank of Russia When Calculating and Publishing the RUONIA Ruble Overnight Index Average of the Russian Interbank Market</li> </ul> <p>and ensured that, in order to avoid conflicts of interest, the Bank of Russia has clearly segregated reporting lines and defined the responsibilities of divisions that participate in the RUONIA administration process, and that RUONIA is calculated and published automatically.</p> <p>We obtained a description of the key performance indicators (KPIs) for senior managers involved in the RUONIA administration process and ensured that their remuneration does not depend on the RUONIA rate or on other related indicators. We ensured that there are no individual KPIs for employees other than senior management.</p> <p>We examined the Terms of Reference of the Oversight Committee and ensured that they include the responsibilities of the Committee to initiate measures for the management of any conflicts of interest in the administration of RUONIA.</p> <p>We ensured that the key requirements for nomination to and membership of the Oversight Committee are set out in the "Control Framework of the Bank of Russia, Anti-Corruption Measures for RUONIA Administration" document.</p> <p>We obtained signed confirmations from all members of the RUONIA Oversight Committee regarding the obligation to comply with the requirements for non-disclosure of information received due to membership in the Committee.</p> <p>We examined information security documents of the Bank of Russia and ensured that the Bank applies measures to control the confidentiality of information and personal interest risks.</p> <p>We examined confirmations, signed by Bank of Russia's employees, of briefings attendance and registers of briefings on confidentiality, conflicts of interest and information security and ensured that Bank of Russia employees attended such briefings and confirmed both the absence of personal interests and the confidentiality obligation.</p>

No.	Principle	Bank of Russia's compliance with the principle	Work performed by EY
3	<p>The administrator's conflict of interest framework should seek to mitigate existing or potential conflicts created by its ownership structure or control, or due to other interests the administrator's staff or wider group may have in relation to benchmark determinations.</p>	<ul style="list-style-type: none"> <li>• Members of the Committee are appointed so as to prevent any potential conflicts of interest arising among the Committee members. Members of the Committee are appointed not on the basis of their job positions, but by professional competences. They are engaged in the Committee's work personally and may not assign their powers to any other persons. Committee members do not receive any remuneration for their work on the Committee. Members of the Committee may not be selected from among employees dealing with the collection, processing, calculation and publication of the benchmark. In addition, members of the Committee may not be selected from among the employees of divisions of the Bank of Russia using RUONIA in their key business processes, including the development and implementation of monetary policy. Employees of credit institutions that are RUONIA contributors may not be external members of the Committee. All Committee members sign a commitment not to disclose information obtained during the Committee membership.</li> <li>• In accordance with the information security policy, Bank of Russia's employees should undergo an annual anti-corruption and confidentiality briefing (training), during which they are informed of the obligation to notify about any attempts to make Bank of Russia employees commit corruption offences and about the emergence of personal interests.</li> <li>• The Bank of Russia has a Helpline service, by means of which any individual or legal entity stakeholders may submit communication to notify about facts of corruption or conflicts of interest.</li> <li>• Procedures used to prevent conflicts of interest and ensure confidentiality are analysed by the Bank of Russia at least once per year and are updated as necessary. By decision of the Committee, the Bank of Russia discloses information on identified conflicts of interest or their absence in the semi-annual report of the Committee.</li> </ul> <p>Information on the policy and procedures is disclosed in the publicly available document "<a href="#">Control Framework of the Bank of Russia, Anti-Corruption Measures for RUONIA Administration</a>" on the Bank of Russia's official website.</p>	<p>We obtained revised document versions from the Bank of Russia and ensured that the Bank of Russia analyses and updates its conflict of interest policies and procedures as necessary.</p> <p>We ensured that the need, by decision of the Committee, to disclose information on identified conflicts of interest or their absence in the semi-annual report of the Committee is set out in the "Control Framework of the Bank of Russia, Anti-Corruption Measures for RUONIA Administration" document.</p> <p>We obtained written representations from the management of the Bank of Russia stating that, as of 23 December 2020, there are no potential high-risk conflicts of interest.</p>



No.	Principle	Bank of Russia's compliance with the principle	Work performed by EY
4	<p><b>Control framework for administrators.</b></p> <p>An administrator should implement an appropriate control framework for the process of determining and distributing the benchmark. The control framework should be appropriately tailored to the materiality of the potential or existing conflicts of interest identified, the extent of the use of discretion in the benchmark setting process and to the nature of benchmark inputs and outputs. The control framework should be documented and available to relevant regulatory authorities, if any. A summary of its main features should be published or made available to stakeholders. This control framework should be reviewed periodically and updated as appropriate. The framework should address the following areas:</p> <ul style="list-style-type: none"> <li>conflicts of interest (Principle 3), integrity and quality of benchmark determination (Principles 6–15), arrangements to promote the integrity of benchmark inputs, including adequate due diligence on input sources, arrangements to ensure accountability and complaints mechanisms are effective (Principles 16–19), and provision of robust infrastructure, policies and procedures for the management of risks, including operational risk.</li> <li>Moreover, the administrator should establish an effective whistleblowing mechanism to facilitate early awareness of any potential misconduct or irregularities that may arise.</li> </ul>	<p><b>The Bank of Russia is compliant with this principle.</b></p> <p>The Bank of Russia has a comprehensive internal control system in the administration of RUONIA that covers all stages. To ensure control over the determination of RUONIA, the Statistics and Data Management Department performs the following functions:</p> <ul style="list-style-type: none"> <li>control of the timeliness and completeness of the publication of information on RUONIA;</li> <li>control of the quality of available data for RUONIA;</li> <li>functional checks of RUONIA calculation processes, as well as checks of the accuracy of the database in comparison with the results of the calculation of RUONIA;</li> <li>assessment of the representativeness of the available data on RUONIA;</li> <li>assessment and monitoring of the interbank lending market in order to assess the relevance of the RUONIA methodology;</li> <li>assessment and monitoring of the financial position of credit institutions and their active participation in the money market for the purposes of updating the list of RUONIA contributors.</li> </ul> <p>The Bank of Russia has established and operates a multi-level control system that ensures the quality of the information on which RUONIA is based. Input data are collected from the credit institutions which are RUONIA contributors, in the form of supervisory reporting. The Information Technology Department and regional branches of the Bank of Russia are responsible for the collection of the data.</p> <p>The information obtained is machine processed. If control rules are infringed, supervisory reporting is not accepted; the reporting acquisition system automatically submits a message to the credit institution on the failure to accept reporting and describes the error. Moreover, the Statistics and Data Management Department checks the completeness of data collection and the symmetrical reflection of the terms and conditions of transactions by counterparty credit institutions, initiating re-collection of reporting from credit institutions if an error is detected.</p> <p>Also, RUONIA is calculated automatically. The software does not allow manual alteration of either input data or calculation results. When the RUONIA calculation is completed, its value is emailed to the automatic uploader that publishes RUONIA on the Bank of Russia's website. After publication, RUONIA data becomes available to external information distributors, including information agencies.</p>	<p>We examined the "Control Framework of the Bank of Russia, Anti-Corruption Measures for RUONIA Administration" document and ensured that the control system of the Bank of Russia is tailored to existing and potential risks. We ensured that the description of the control framework is published on the Bank of Russia's website.</p> <p>We examined the following documents:</p> <ul style="list-style-type: none"> <li>Risk self-assessment tables: risk assessment analysis, response measures, a register of business process risks, a heat map for business process risks;</li> <li>Risk management policy of the Bank of Russia;</li> <li>Corruption risks map</li> </ul> <p>and ensured that the Bank of Russia performs procedures on risk assessment at the level of its divisions and prepares risk maps related to RUONIA administration, and that employees of the Bank of Russia are obliged to review the risk map and confirm this with their hand-written signatures.</p> <p>We examined the following documents:</p> <ul style="list-style-type: none"> <li>Directive "Regarding Segregation of Duties in the Statistics and Data Management Department When Administering RUONIA";</li> <li>Regulation of Interaction Between the Divisions of the Bank of Russia When Calculating and Publishing the RUONIA Ruble Overnight Index Average of the Russian Interbank Market</li> </ul> <p>and ensured that functions of the Statistics and Data Management Department correspond to those specified by the Bank of Russia in its self-assessment results.</p> <p>We obtained the "Procedure for Calculating and Publishing RUONIA by a Calculation Agent" and ensured that this Procedure describes in detail the procedure for checking the incoming data and the control procedures in the determination of RUONIA.</p> <p>We obtained an example of the technical requirements for the improvement of the software that ensures the calculation and publication of RUONIA, and the functional requirements and functional testing report, and ensured that these documents provide for automated RUONIA calculation with no possibility of changes to input data or calculation results.</p> <p>We obtained documents related to the results of a check of the RUONIA administration process by responsible employees of the Statistics and Data Management Department to the extent of:</p> <ul style="list-style-type: none"> <li>operation of the RUONIA calculation processes, as well as accurate completion of the database in comparison with the RUONIA calculation results;</li> <li>random control of the technical capability to calculate and publish RUONIA;</li> <li>quality of the available data on RUONIA</li> </ul> <p>and ensured that checks are conducted on a regular basis and that the results are signed by the head of one of the divisions of the Statistics and Data Management Department.</p>

No.	Principle	Bank of Russia's compliance with the principle	Work performed by EY
4	<p>The administrator should ensure that benchmark determinations are made by personnel who possess the relevant levels of expertise. The administrator should periodically review their competence. The human resources policy of the administrator should provide for staff training, continuity and succession planning.</p>	<p>At the upper level of corporate governance of the Bank of Russia, the RUONIA Oversight Committee controls the determination of RUONIA. Its functions include assessment of the representativeness of the market data on the basis of which RUONIA is calculated and monitoring of the calculation and publication of RUONIA, as well as of critical situations, and examination of information of the Internal Audit Department on compliance with established RUONIA requirements.</p> <p>The Bank of Russia obtains feedback from RUONIA subscribers and stakeholders through the channel for receiving and handling electronic communication related to RUONIA and its administration by the Bank of Russia. Communications may be in the form of requests, proposals, statements and complaints and must be mandatorily examined by the Bank of Russia. The Head Office of the Bank of Russia has a similar anonymous feedback mechanism.</p> <p>The Bank of Russia has established the Bank of Russia Corporate University, which conducts annual training courses and refresher courses for employees. For key positions, continuity is ensured by substitutes, and a talent pool is formed.</p> <p>Information on the control framework of the administrator is disclosed in the publicly available document "<a href="#">Control Framework of the Bank of Russia. Anti-Corruption Measures for RUONIA Administration</a>" on the Bank of Russia's official website.</p> <p>The <a href="#">Procedure for Handling Applications Concerning RUONIA and Its Administration by the Bank of Russia</a> is available on the Bank of Russia's official website.</p>	<p>We examined the Terms of Reference of the Committee and ensured that the Oversight Committee performs oversight of the RUONIA administration process. We obtained the directive "Regarding Segregation of Duties in the Statistics and Data Management Department When Administering RUONIA" and ensured that the Bank of Russia uses an internal controller box through which employees may submit anonymous communications and complaints.</p> <p>We ensured that there are feedback forms on the Bank of Russia's website for any external stakeholder to contact the Bank of Russia:</p> <ul style="list-style-type: none"> <li>• <a href="#">Communications on RUONIA</a> in the RUONIA section;</li> <li>• helpline service in the About the Bank of Russia/Anti-corruption/Feedback on Reporting Facts of Corruption section;</li> <li>• message form on Bank of Russia Online Reception (the subject of the complaint is "General Questions", the type of problem is "Other", the variant of the problem is "Feedback on Reporting Facts of Corruption");</li> <li>• in the About the Bank of Russia/Anti-corruption/Feedback on Reporting Facts of Corruption/Report Facts of Corruption section.</li> </ul> <p>We obtained documents from the Human Resources Department related to the professional training programmes and strategies for employees of the Bank of Russia, and ensured that employees of the Bank of Russia undergo refresher courses on a regular basis.</p> <p>We obtained documents governing the formation of and work with the candidate pool and ensured that there are management succession plans in place.</p> <p>See also the procedures we carried out in relation to Principles 3 and 6–16.</p>

No.	Principle	Bank of Russia's compliance with the principle	Work performed by EY
5	<p><b>Internal oversight.</b></p> <p>The administrator should establish an oversight function to review and provide challenge on all aspects of the benchmark determination process. This should include consideration of the features and intended, expected or known usage of the benchmark and the materiality of existing or potential conflicts of interest identified. The oversight function should be carried out either by a separate committee, or other appropriate governance arrangements. The oversight function and its composition should be appropriate to provide effective scrutiny of the administrator. The administrator should develop and maintain robust oversight procedures, which should be documented and made available to the relevant regulatory authorities, if any. The main features of the procedures should be made available to stakeholders. These include: terms of reference of the oversight function, criteria to select members of the oversight function, the summary details of membership of any committee or arrangement charged with the oversight function, along with any declarations of conflicts of interest and processes for election, nomination or removal and replacement of committee members. The oversight function includes the oversight of the design of the benchmark;</p> <ul style="list-style-type: none"> <li>• periodic review of the definition of the benchmark and its methodology;</li> <li>• taking measures to remain informed about issues and risks to the benchmark, as well as commissioning external reviews of the benchmark (as appropriate);</li> </ul>	<p><b>The Bank of Russia is compliant with this principle.</b></p> <p>The Bank of Russia established the RUONIA Oversight Committee, which oversees the performance of administrative functions in accordance with the "Principles for Financial Benchmarks" of the International Organization of Securities Commissions. The Committee holds meetings at least every quarter in order to ensure effective control over the operation of the divisions responsible for benchmark determination. The main tasks of the Committee include oversight of the performance of RUONIA administration functions, as well as approval of documents and procedures related to RUONIA administration. In particular, the Committee approves the definition and methodology of RUONIA, the list of credit institutions which are RUONIA contributors, the RUONIA publication and data storage procedure; it examines the reports of the divisions of the Bank of Russia responsible for data preparation and the calculation and publication of RUONIA; it assesses the representativeness of the market data based on which RUONIA is calculated; it monitors the calculation and publication of RUONIA; it monitors critical situations and analyses risks, the reasons for errors or lack of data, as well as incidents of review of the benchmark; it informs the management of the Bank of Russia and stakeholders about existing critical situations; and it examines information of the Internal Audit Department on compliance with the established RUONIA requirements.</p> <p>The Committee initiates an independent review of the administration functions and controls remedial actions based on the results of the analysis. In particular, the Committee initiates an external audit to analyse the Bank of Russia's compliance with the principles for financial benchmarks, and it reviews the auditor's report. Moreover, the Committee prepares proposals for the management and Board of Directors of the Bank of Russia to ensure the effective determination and use of RUONIA. Finally, the Committee approves termination procedures for the calculation and publication of RUONIA and conducts relevant consultations on the issue.</p> <p>The Bank of Russia obtains feedback from RUONIA subscribers and stakeholders. In the event of any critical applications or complaints, their handling and potential remedial actions fall under the competence of the Committee. Such applications are categorised as applications under special control.</p>	<p>We obtained the following documents:</p> <ul style="list-style-type: none"> <li>• Order "Regarding Establishment of the RUONIA Oversight Committee in the Bank of Russia";</li> <li>• Order "Regarding Organisation in the Bank of Russia the Administration Process of the RUONIA Ruble Overnight Interest Rate";</li> <li>• Terms of Reference of the RUONIA Oversight Committee;</li> <li>• List of members of the RUONIA Oversight Committee;</li> </ul> <p>Minutes of meetings of the RUONIA Oversight Committee and ensured that the functions and responsibilities of the Oversight Committee, the requirements for its members and its selection criteria correspond to those specified in the results of the Bank of Russia's self-assessment. We ensured that all the required information related to the <a href="#">Oversight Committee</a> is published on the Bank of Russia's website.</p> <p>We analysed information on the qualifications, education and experience of the Oversight Committee members and ensured that the Committee consists of members with appropriate qualifications, education and experience. We examined the Terms of Reference of SRO NFA Expert Council on Financial Benchmarks and Rates and ensured that the role of SRO NFA representatives in the Oversight Committee is to represent the opinions of independent stakeholders.</p> <p>We obtained declarations from all members of the Oversight Committee about the obligation to comply with the requirements for the non-disclosure of information received due to membership in the Committee and ensured that members of the Committed had signed the abovementioned commitment. See the procedures we carried out in relation to Principle 3 in regard to conflicts of interest.</p>



No.	Principle	Bank of Russia's compliance with the principle	Work performed by EY
5	<ul style="list-style-type: none"> <li>overseeing any changes to the benchmark methodology, including assessing whether the methodology continues to appropriately measure the underlying interest, reviewing proposed and implemented changes to the methodology, and authorising or requesting the administrator to undertake a consultation with stakeholders where known or its subscribers on such changes (Principle 12);</li> <li>review and approval of procedures for termination of the benchmark.</li> </ul> <p>Moreover, oversight includes analysis of the integrity of benchmark determination and of the control framework, in particular:</p> <ul style="list-style-type: none"> <li>overseeing the management and operation of the benchmark, including activities related to benchmark determination undertaken by a third party;</li> <li>considering the results of internal and external audits, and following up on the implementation of remedial actions highlighted in the results of these audits;</li> <li>overseeing any exercise of expert judgment by the administrator and ensuring published methodologies have been followed.</li> </ul> <p>Where conflicts of interest may arise in the administrator due to its ownership structure or controlling interests, or due to other activities conducted by any entity owning or controlling the administrator or by the administrator or any of its affiliates, the administrator should establish an independent oversight function which includes a balanced representation of a range of stakeholders where known, subscribers and submitters, which is chosen to counterbalance the relevant conflict of interest.</p>	<p>Members of the Committee are appointed so as to prevent any potential conflict of interest. Members of the Committee and divisions they work for do not participate in the determination of RUONIA. The benchmark is not used in key business processes of their divisions, including in the development and implementation of monetary policy. Members of the Committee ensure independent analysis and communication in respect of RUONIA. In particular, members of the Committee include representatives of the Financial Stability Department (money market analysis), the Department for Countering Misconduct (benchmark manipulation analysis), and the Financial Market Strategy Department (communication with stakeholders, the International Organization of Securities Commissions, and foreign administrators of financial benchmarks). As may be required from time to time, the divisions responsible for the oversight of credit institutions which are RUONIA contributors may be invited to meetings of the Committee.</p> <p>Members of the Committee include two external members (25% of the total number of members) representing SRO NFA (the SRO NFA Expert Council acts as the Committee of Subscribers) that should not be employees of credit institutions which are RUONIA contributors. Members of the Committee sign a commitment to avoid conflicts of interest in connection with Committee membership.</p> <p>Members of the Committee are appointed by Order of the Bank of Russia Governor. The membership remains effective until the Order of the Bank of Russia Governor is re-issued at the suggestion of the Committee Chairman, First Deputy Governors of the Bank of Russia or Deputy Governors of the Bank of Russia, as well as heads of the divisions of the Bank of Russia. The Chairman of the Committee is the Deputy Governor of the Bank of Russia responsible for money market statistics.</p> <p>The <a href="#">Terms of Reference of the Committee</a> and <a href="#">the list of its members</a> are disclosed on the Bank of Russia's official website.</p> <p>Expert opinions and non-standard information sources are not used to calculate the benchmark. RUONIA is based on the data of supervisory reporting for actual interbank operations. With regard to Principle 14, the benchmark is fully based on observable transactions, rather than information from input providers as agents or expert opinions.</p>	

No.	Principle	Bank of Russia's compliance with the principle	Work performed by EY
6	<p><b>Benchmark design.</b> The design of the benchmark should seek to achieve, and result in an accurate and reliable representation of the economic realities of the interest it seeks to measure, and eliminate factors that might result in a distortion of the price, rate, index or value of the benchmark. Benchmark design should take into account the following generic non-exclusive features:</p> <ul style="list-style-type: none"> <li>• adequacy of the sample used to represent the Interest;</li> <li>• size and liquidity of the relevant market;</li> <li>• relative size of the underlying market in relation to the volume of trading in the market that references the benchmark;</li> <li>• distribution of trading among market participants (market concentration);</li> <li>• market dynamics.</li> </ul>	<p><b>Bank of Russia is compliant with this principle.</b> RUONIA was developed by the Bank of Russia together with the National Foreign Exchange Association in 2010. The aim was the creation of a single benchmark for both the Bank of Russia, which could use it in the transition to inflation targeting, and for market participants, which could use it in analysis and operating activities, including the pricing of financial products. RUONIA reflects the actual cost of overnight loans (deposits) in the interbank market. RUONIA contributors are counterparties that trade in the interbank market on a regular basis. Thus, RUONIA reflects the trading activity of major banks whose share of the interbank market is 60–70%. The list of RUONIA contributors is updated on a regular basis to reflect the real trading activity in the interbank market.</p> <p>The statistical filters included in the RUONIA calculation algorithm allow for the elimination of maximum and minimum fluctuations in interest rates, which results in the smoothing of the benchmark's dynamics. RUONIA is a weighted average that takes into account both trading volumes and the number of counterparties at a given interest rate level. Accounting for trading volume allows for the recording of underlying market trends, while weighting by the number of counterparties helps to eliminate the effect of market concentration. Thus, the statistical filters lead to the inclusion in the RUONIA data of the highest volume of transactions made at the prevailing interest rates among the majority of contributors. There are no other statistical filters without economic or methodological justification.</p> <p>The <a href="#">RUONIA calculation methodology</a> and the <a href="#">list of RUONIA contributors</a> are disclosed on the Bank of Russia's official website.</p>	<p><b>Work performed by EY</b></p> <p>We examined the "Methodology for the Determination and Publication of the RUONIA Ruble Overnight Interbank Lending Rate" document (hereinafter, "Calculation Methodology") and ensured that the Calculation Methodology contains the definition of RUONIA, a description of the design of RUONIA, the calculation procedure and the criteria applied to input data for calculation. We also verified that the content of the Calculation Methodology corresponds to the description in the Bank of Russia's self-assessment results.</p> <p>We obtained a selection of the minutes of the meetings of the Oversight Committee and ensured that RUONIA is periodically reviewed to ensure that the actual economic parameters of the benchmarks being measured are represented.</p> <p>We obtained a sample analysis of the situation in the RUONIA interbank market and ensured that the Bank of Russia performs analysis of the concentration of the overnight interbank market and compares and reviews the RUONIA benchmark against the underlying market for its calculation. We ensured that the Calculation Methodology describes its amendment procedures, as well as the course of actions to be taken in the case of absent or insufficient input data.</p> <p>We examined the materials of the expert session discussing the draft Calculation Methodology, published on the Bank of Russia's website, and ensured that the Bank of Russia held public discussions of the Calculation Methodology with stakeholders before approving it.</p>
7	<p><b>Data sufficiency.</b> The data used to construct a benchmark determination should be sufficient to accurately and reliably represent the interest measured by the benchmark. In particular, the data should:</p> <ul style="list-style-type: none"> <li>• be based on prices, rates, indices or values that have been formed by the competitive forces of supply and demand in order to provide confidence that the price discovery system is reliable;</li> </ul>	<p><b>The Bank of Russia is compliant with this principle.</b> RUONIA is calculated based on data from credit institutions' reporting under Form 0409701 "Report on Transactions in Foreign Exchange and Money Markets", submitted by credit institutions to the Bank of Russia in accordance with Bank of Russia Instruction No. 4927-U, dated 8 October 2018, "Regarding the List, Forms and Procedure for Compiling and Submitting Credit Institutions' Reporting Forms to the Central Bank of the Russian Federation" (as amended), and is published on the next business day after credit institutions carry out transactions, by 15:00 Moscow time.</p>	<p>We examined the Calculation Methodology and verified that RUONIA is calculated on the basis of transaction data from the daily regulatory reporting of the credit institutions included in the list of credit institutions whose data are used to calculate RUONIA.</p> <p>We ensured that the procedure for calculating the reserve value and the criteria for its application are described in the Calculation Methodology. See also the procedures we carried out in relation to Principles 6 and 8–10.</p>

No.	Principle	Bank of Russia's compliance with the principle	Work performed by EY
7	<p>• be anchored by observable transactions entered into at arm's length between buyers and sellers in the market for the Interest the benchmark measures in order for it to function as a credible indicator of prices, rates, indices or values.</p> <p>The benchmark should be based upon an 'active' market having observable, bona fide, arms-length transactions. This does not mean that every individual benchmark determination should be constructed solely of transaction data. Provided that an active market exists, conditions in the market on any given day might require the administrator to rely on different forms of data tied to observable market data as an adjunct or supplement to transactions. The source information may include bids and offers, as well as extrapolation of data from prior transactions. Principle 7 does not preclude benchmark administrators from using executable bids or offers as a means to construct benchmarks where anchored in an observable market consisting of bona fide, arms-length transactions.</p> <p>Various benchmarks may be developed to measure or reflect the performance of a rule-based investment strategy, the volatility or behavior of an index or market or other aspects of an active market.</p> <p>Principle 7 does not preclude the use of benchmarks based on non-transactional data as long as they reflect the nature of the benchmark. These include certain volatility indices that measure the expected volatility of stock indices, but the data is derived from and thus "anchored" in an actual functioning securities or options market.</p>	<p>The Bank of Russia formulates requirements for supervisory reporting by credit institutions and applies measures in cases of violation of the timelines and procedure for its submission. The data used to generate RUONIA represent observable, actual interbank transactions. Those responsible for compiling and submitting reports are legally responsible for the timeliness, completeness and accuracy of the information provided.</p> <p>In the case of insufficient data, the Calculation Methodology provides for the use of the reserve value of RUONIA.</p>	

No.	Principle	Bank of Russia's compliance with the principle	Work performed by EY
8	<p><b>Hierarchy of data inputs.</b> An administrator should establish and publish or make available clear guidelines regarding the hierarchy of data inputs and exercise of expert judgment used for the determination of benchmarks. In general, the hierarchy of data inputs should include:</p> <ul style="list-style-type: none"> <li>• where a benchmark is dependent upon submissions, the submitters' own concluded arms-length transactions in the underlying interest or related markets;</li> <li>• reported or observed concluded arm's-length transactions in the underlying interest;</li> <li>• reported or observed concluded arm's-length transactions in related markets;</li> <li>• firm (executable) bids and offers;</li> <li>• other market information or expert judgements.</li> </ul> <p>Provided that Principle 7 on data sufficiency is met, Principle 8 is not intended to restrict an administrator's flexibility to use inputs consistent with the administrator's approach to ensuring the quality, integrity, continuity and reliability of its benchmark determinations, as set out in the administrator's methodology.</p>	<p><b>The Bank of Russia is compliant with this principle.</b> RUONIA input data represents actual interbank transactions. The calculation of RUONIA is based on primary sources of information. There are no input data providers acting as agents. In the case of untimely or incomplete data, the RUONIA reserve value is calculated as the weighted average of the data for the two previous dates. In the event of a total absence of data due to a technical or any other failure, the previous RUONIA value is used as the reserve value. Any use of an alternative source of data for the calculation is subject to disclosure on the Bank of Russia's official website. Thus, RUONIA has no separate, external sources of input data in the event of unforeseen circumstances. Expert assessments are not used. The hierarchy of input data sources includes only supervisory reporting from previous business days.</p>	<p>We examined the Calculation Methodology and verified that the calculation of RUONIA includes the actual transactions of credit institutions using rate weights and statistical methods to cut off minimum and maximum values, without the use of professional judgement. We studied the Calculation Methodology and ensured that the reserve value is calculated as described in the Bank of Russia's self-assessment results. According to the Calculation Methodology, the reserve value is subject to publication on the Bank of Russia's website. We obtained minutes of the meetings of the Oversight Committee and checked for evidence that the Calculation Methodology and the list of credit institutions whose data are involved in the calculation of RUONIA are subject to periodic review to ensure the representativeness, uniformity and consistency of the Calculation Methodology. We examined the "Functions of the Statistics and Data Management Department's Unit Providing Methodological Support for the RUONIA Administration Process" document and ensured that it defines responsibilities to assess on a monthly basis the representativeness of the available data on RUONIA, to assess and monitor the interbank lending market in order to verify the adequacy of RUONIA and prepare changes to the Calculation Methodology, to analyse the situation in the money market in order to assess the need to develop alternatives to the reserve calculation of RUONIA and, on a quarterly basis, to assess and monitor the financial position and activities of credit institutions in the money market for the need to update the list of RUONIA contributors. We obtained examples of the periodic review reports related to the analysis, evaluation and monitoring of the interbank lending market and the assessment of the representativeness of the available RUONIA data for 2020 prepared by the Statistics and Data Management Department, and verified the regularity of the analysis.</p>

No.	Principle	Bank of Russia's compliance with the principle	Work performed by EY
9	<p><b>Transparency of benchmark determinations.</b></p> <p>The administrator should describe and publish with each benchmark determination a concise explanation, sufficient to facilitate a stakeholder's or market authority's ability to understand how the determination was developed, including as a minimum:</p> <ul style="list-style-type: none"> <li>the number and volume of transactions submitted;</li> <li>the range and average volume;</li> <li>the range and average price;</li> <li>indicative percentages of each type of market data that have been considered in a benchmark determination.</li> </ul> <p>If expert judgements are used in the calculation of the benchmark, the administrator should disclose to what extent and on what basis they are taken into account.</p>	<p><b>The Bank of Russia is compliant with this principle.</b></p> <p>The Bank of Russia publishes RUONIA-related <a href="#">statistics</a> on the Bank of Russia's official website on business days.</p> <p>Following the announcement of non-working days (holidays) in the Russian Federation, on the <a href="#">"News"</a> page of the RUONIA subsection, the Bank of Russia publishes information on which non-working days RUONIA will not be calculated and published.</p> <p>The terminology used in the RUONIA methodology is described in the last part of the methodology itself.</p> <p>All information about RUONIA published by the Bank of Russia is publicly available and may therefore be reproduced in any mass media, Internet servers or on any other media. The conditions for the use and reproduction of this information are available in the <a href="#">"About the Website"</a> section. When reproducing information on RUONIA, reference to the original source – the Bank of Russia website – is mandatory. The Bank of Russia is not responsible for information about RUONIA published in sources other than its official website.</p>	<p>We ensured that data on the value of RUONIA, the aggregate volume of transactions, the number of transactions, the number of RUONIA contributors carrying out transactions, and the parameters of interest rate distribution are published on the Bank of Russia's website.</p> <p>We verified that statistical data on the average daily turnover of the interbank loan (deposit) market and repo transactions for 2020, based on the reporting data of credit institutions under Form 0409701 "Report on transactions in foreign exchange and money markets" is published on the Bank of Russia's web-site.</p> <p>We analysed a selection of the Bank of Russia's press releases and found that:</p> <ul style="list-style-type: none"> <li>the press releases include statements about changes to the Calculation Methodology as well as the effective dates of the relevant changes;</li> <li>the press releases include explanations of such changes prepared by the responsible Bank of Russia's officials;</li> <li>the press releases are publicly available on <a href="#">the Bank of Russia's website</a>.</li> </ul>
10	<p><b>Periodic review.</b></p> <p>The administrator should periodically review the conditions in the underlying Interest that the benchmark measures to determine whether the Interest has undergone structural changes that might require changes to the design of the methodology. The administrator should publish or make available a summary of such reviews where material revisions have been made to a benchmark, including the rationale for the revisions.</p>	<p><b>The Bank of Russia is compliant with this principle.</b></p> <p>The Bank of Russia publishes monthly summary statistics on the average daily turnover of the interbank loan (deposit) market, including a breakdown by maturity, in the "Financial Markets" subsection of the <a href="#">"Statistics"</a> section of the Bank of Russia's official website.</p> <p>Authorised officers of the Bank of Russia monitor on a daily basis the conditions of the interbank market underlying RUONIA and how its dynamics affects the benchmark. The Bank of Russia's internal portal presents a daily report on the transactions and interbank connections taken into account in the calculation of RUONIA. The report is available to members of the RUONIA Oversight Committee for internal use.</p> <p>If necessary, the Committee agrees to changes to the methodology or to the list of RUONIA contributors. In accordance with Principle 12, any changes to the RUONIA methodology are subject to review at a meeting of the Committee. Following its instruction, the responsible divisions of the Bank of Russia hold consultations with stakeholders, including the collection of commentary, on the determination of RUONIA. <a href="#">Information on public</a> discussions is disclosed on the Bank of Russia's official website.</p>	<p>We examined the Calculation Methodology and ensured that the procedure for amending the Calculation Methodology is clearly regulated and includes a provision that the Methodology is reviewed for the need for amendment at least once every six months.</p> <p>We studied the "Regarding Segregation of Duties in the Statistics and Data Management Department when Administering RUONIA" document and observed that there is an obligation to submit quarterly proposals to the Oversight Committee to change the RUONIA calculation methodology, the RUONIA list and the composition of the information to be published.</p> <p>We obtained examples of the periodic review reports related to the analysis, evaluation and monitoring of the interbank lending market and the assessment of the representativeness of the available RUONIA data for 2020. We also obtained a sample analysis of the conditions of the RUONIA interbank market, which is available in the section of the Bank of Russia portal accessible to the members of the Oversight Committee and officers involved in the methodological support of RUONIA, and ensured that the Bank of Russia analyses the concentration of the overnight interbank market and compares and analyses RUONIA against the underlying market.</p> <p>We reviewed the minutes of the meetings of the Oversight Committee and ensured that they consider changes to the Calculation Methodology.</p>



No.	Principle	Bank of Russia's compliance with the principle	Work performed by EY
10			<p>We examined the Bank of Russia's website and ensured that the Bank of Russia publishes monthly summary statistics on the average daily turnover of the interbank loan (deposit) market, including a breakdown by maturity, in the "<a href="#">Financial Markets</a>" subsection of the "Statistics" section of the Bank of Russia's official website as described in the Bank of Russia's self-assessment results.</p> <p>We analysed a selection of the Bank of Russia's press releases and found that:</p> <ul style="list-style-type: none"> <li>the press releases include statements about changes to the Calculation Methodology, as well as the effective dates of the respective changes;</li> <li>the press releases include the Bank of Russia's explanations regarding the necessary changes and their justification.</li> </ul>
11	<p><b>Content of the methodology.</b></p> <p>The administrator should document and publish or make available the methodology used to make Benchmark determinations. The administrator should provide the rationale for adopting a particular methodology. The published methodology should provide sufficient detail to allow stakeholders to understand how the benchmark is derived and to assess its representativeness, its relevance to particular stakeholders, and its appropriateness as a reference for financial instruments. The methodology should contain as a minimum:</p> <ul style="list-style-type: none"> <li>definitions of key terms;</li> <li>all criteria and procedures used to develop the benchmark, including input selection, the mix of inputs used to derive the benchmark, the guidelines that control the exercise of expert judgment by the administrator, priority given to certain data types, minimum data needed to determine a benchmark, and any models or extrapolation methods;</li> <li>procedures and practices designed to promote consistency in the exercise of expert judgment between benchmark determinations;</li> </ul>	<p><b>The Bank of Russia is compliant with this principle.</b></p> <p>The Bank of Russia has developed and published the "Methodology for the Determination and Publication of the RUONIA Ruble Overnight Interbank Lending Rate". The <a href="#">document</a>, with all amendments, is available on the Bank of Russia's official website.</p> <ul style="list-style-type: none"> <li>The aggregate methodological document contains the following information: <ul style="list-style-type: none"> <li>key definitions;</li> <li>RUONIA calculation procedure (sequence of steps, including the formula);</li> <li>formation of the list of RUONIA contributors;</li> <li>description of the data for calculation and the data quality control procedure;</li> <li>measures to ensure the continuity of calculation;</li> <li>publication of the benchmark;</li> <li>procedure for amending the methodology.</li> </ul> </li> </ul> <p>The actual structure of the RUONIA benchmark is outlined in the description of Principle 6. In accordance with Principle 7, the data used to calculate RUONIA represent actual, observable interbank transactions, where expert judgements are not applied. In the event of unforeseen circumstances, the calculation of RUONIA does not use external sources of input data. The hierarchy of input data sources as per Principle 8 includes only supervisory reporting from previous business days.</p> <ul style="list-style-type: none"> <li>The error summary includes errors whose absolute impact exceeds 2 basis points. The specified information is summarised in the public semi-annual report of the RUONIA Oversight Committee.</li> <li>Based on the results of interbank analysis, at least once every six months, the Bank of Russia prepares the document containing a conclusion on the conformity of the methodology and the RUONIA list with market conditions or proposals related to the need to amend the RUONIA methodology and (or) the list of contributors.</li> </ul>	<p>We examined the Calculation Methodology and ensured that it contains the information described in the Bank of Russia's self-assessment results.</p> <p>We ensured that the calculation methodology includes a description of the processes for:</p> <ul style="list-style-type: none"> <li>handling errors;</li> <li>consultations with stakeholders.</li> </ul> <p>We ensured that the Calculation Methodology is published on the Bank of Russia's website.</p> <p>We analysed a selection of the Bank of Russia's press releases and checked for evidence of the following facts:</p> <ul style="list-style-type: none"> <li>the press releases include statements about changes to the Calculation Methodology as well as the effective dates of the relevant changes;</li> <li>the press releases include explanations of such changes prepared by the Bank of Russia;</li> <li>the press releases are <a href="#">publicly available</a> on the Bank of Russia's website.</li> </ul> <p>We reviewed the minutes of the meetings of the Oversight Committee and observed that they consider changes to the Calculation Methodology.</p> <p>See also the procedures we carried out in relation to Principles 6–10 and 12–13.</p>

No.	Principle	Bank of Russia's compliance with the principle	Work performed by EY
11	<ul style="list-style-type: none"> <li>procedures which govern benchmark determination in periods of market stress or disruption, or periods where data sources may be absent (e.g., theoretical estimation models);</li> <li>procedures for dealing with error reports, including when a revision of a benchmark would be applicable;</li> <li>information regarding the frequency for internal reviews and approvals of the methodology (and, where applicable, information regarding the procedures and frequency of external reviews of the methodology);</li> <li>circumstances and procedures under which the administrator will consult with stakeholders, as appropriate;</li> <li>identification of potential limitations of a benchmark, including its operation in illiquid or fragmented markets and the possible concentration of inputs.</li> </ul>	<p>In accordance with Principles 12 and 13, any suggested changes to the methodology are subject to review at a meeting of the Committee. By decision of the Committee, draft amendments to the methodology and (or) the list of RUONIA contributors are made available for public consultations with stakeholders and are posted on the Bank of Russia's official website. Draft changes are considered by the SRO NFA Expert Council on Financial Benchmarks and Rates.</p>	
12	<p><b>Changes to the methodology.</b> The administrator should publish or make available the rationale of any proposed material change in its methodology, and procedures for making such changes. These procedures should clearly define the method and timing for consulting or notifying subscribers (and other stakeholders where appropriate, taking into account the breadth and depth of the benchmark's use) of changes. Those procedures should be consistent with the overriding objective that an administrator must ensure the continued integrity of its benchmark determinations. When changes are proposed, the administrator should specify exactly what these changes entail and when they are intended to apply.</p>	<p><b>The Bank of Russia is compliant with this principle.</b> The Bank of Russia has the necessary procedures and communication tools to advise and notify RUONIA subscribers and other stakeholders. To ensure the quality of the interest rate benchmark, the Bank of Russia invites major RUONIA subscribers, including the Ministry of Finance of the Russian Federation, and leading methodologists of index calculations, including the Federal State Statistics Service, the Moscow Exchange, as well as educational institutions, to the discussion. Meaningful interaction with RUONIA subscribers and stakeholders and RUONIA contributor credit institutions takes place at SRO NFA or other non-governmental organisations uniting financial market participants.</p>	<p>We examined the Calculation Methodology and ensured that the procedure for amending the Calculation Methodology is clearly regulated and involves consultation with stakeholders. We observed that the Bank of Russia's <a href="#">website</a> contains description of the process of interaction with stakeholders on RUONIA issues and timely consultations with them, so that all stakeholders have time to thoroughly analyse and form their position, as described in the Bank of Russia's self-assessment results. We studied the materials of the expert session discussing the draft Calculation Methodology, published on the Bank of Russia's website, and ensured that the Bank of Russia held public discussions of the Calculation Methodology with stakeholders before approving it. We also ensured that the discussions held at the platforms of the Forum Analytical Centre and SRO NFA were attended by representatives of the Ministry of Finance of the Russian Federation, the Federal State Statistics Service, the Moscow Exchange, the financial markets and the academic community.</p>

No.	Principle	Bank of Russia's compliance with the principle	Work performed by EY
12	<p>The administrator should specify how changes to the methodology will be scrutinised, by the oversight function. The administrator should develop stakeholder consultation procedures in relation to changes to the methodology that are deemed material by the oversight function, and that are appropriate and proportionate to the breadth and depth of the benchmark's use and the nature of the stakeholders.</p> <p>In particular, the procedures should:</p> <ul style="list-style-type: none"> <li>provide advance notice and a clear timeframe that gives stakeholders sufficient opportunity to analyse and comment on the impact of such proposed material changes, having regard to the administrator's assessment of the overall circumstances;</li> <li>provide for stakeholders' summary comments, and the administrator's summary response to those comments, to be made accessible to all stakeholders after any given consultation period, except where the commenter has requested confidentiality.</li> </ul>	<p>Before making any changes to the RUONIA methodology, the Bank of Russia officially undertakes public consultations. The Bank of Russia strives to ensure that consultations are held well in advance and that all stakeholders have time for thorough review and determination of their positions. Draft changes are considered by the SRO NFA Expert Council on Financial Benchmarks and Rates. The results of consultations are reviewed by the RUONIA Oversight Committee. If the Committee finds the proposed changes based on the results of consultations reasonable, they will be submitted to the management of the Bank of Russia for approval in accordance with the established procedure. Following such communication, the Bank of Russia publishes an information notice or a press release, or its representatives make a statement at thematic conferences.</p> <p>The Bank of Russia has developed and implemented a procedure for remote interaction with stakeholders on issues related to RUONIA. Any applicant may address the Bank of Russia with a suggestion, complaint or question through a specialised channel – the <a href="#">"RUONIA Applications"</a> section on the Bank of Russia's official website. An application sent to the Bank of Russia will be registered and considered, and a response will be sent to the applicant as prescribed. Applications of significant importance related to RUONIA data and the RUONIA calculation method shall be reviewed by the RUONIA Oversight Committee. If the issue is important, the Committee may initiate additional discussion with the involvement of external experts.</p> <p>The Bank of Russia's communication channels on RUONIA issues are not limited to reviewing applications and conducting methodological consultations. To ensure trust in RUONIA and the transparency of the administration of RUONIA, the Bank of Russia holds public expert sessions and releases consultation papers. Information on the results of public communications is published on the <a href="#">"News"</a> page of the RUONIA subsection. In case of methodological changes, special attention is paid to the comparison of calculations of RUONIA according to the current and the proposed methodologies. Independent experts are given the opportunity to discuss the methodological continuity of RUONIA calculation and the statistical characteristics of the interest rate benchmark.</p>	<p>We reviewed the minutes of the meetings of the Oversight Committee and ensured that they consider changes to the Calculation Methodology. We examined the "Regarding Segregation of Duties in the Statistics and Data Management Department when Administering RUONIA" document and ensured that there is an obligation to submit quarterly proposals to the Oversight Committee to change the calculation methodology of RUONIA, the RUONIA list and the composition of the information to be published. We obtained the Agreement of the Bank of Russia and SRO NFA and ensured that it defines the functions of the SRO NFA Expert Council, in accordance with which the Oversight Committee reviews the conclusions of the SRO NFA Expert Council on the Calculation Methodology, changes made thereto, the list of credit institutions participating in the calculation of RUONIA, and other reports and proposals of the Expert Council sent by the SRO NFA to the Bank of Russia.</p> <p>We obtained the Register of Applications and Responses for 2020 on issues related to RUONIA, as well as applications from external institutions received by the Bank of Russia in the form of official letters for 2020, and ensured that such documents contain information about applications and are retained by the Bank of Russia (see the procedures we carried out in relation to Principle 16).</p> <p>We analysed a selection of the Bank of Russia's press releases and checked for evidence of the following facts:</p> <ul style="list-style-type: none"> <li>the press releases include statements about changes to the Calculation Methodology as well as the effective dates of the relevant changes;</li> <li>the press releases include explanations of such changes prepared by the Bank of Russia;</li> <li>the press releases are publicly available on the Bank of Russia's <a href="#">website</a>.</li> </ul>



No.	Principle	Bank of Russia's compliance with the principle	Work performed by EY
13	<p><b>Transition.</b> Administrators should have clear written policies and procedures to address the need for possible cessation of a benchmark due to market structure changes, product definition change, or any other condition which makes the benchmark no longer representative of its intended interest. These policies and procedures should be proportionate to the estimated breadth and depth of contracts and financial instruments that reference a benchmark and the economic and financial stability impact that might result from the cessation of the benchmark. The administrator should take into account the views of stakeholders and any relevant regulatory and national authorities in determining what policies and procedures are appropriate for a particular benchmark.</p> <ul style="list-style-type: none"> <li>• Administrators should encourage subscribers and other stakeholders who have financial instruments that reference a benchmark to take steps to make sure that: <ul style="list-style-type: none"> <li>• contracts or other financial instruments that reference a benchmark, have robust fall-back provisions in the event of material changes to, or cessation of, the referenced benchmark;</li> <li>• stakeholders are aware of the possibility that various factors, including external factors beyond the control of the administrator, might necessitate material changes to a benchmark.</li> </ul> </li> </ul>	<p><b>The Bank of Russia is compliant with this principle.</b> In the foreseeable future, the Bank of Russia is not considering the termination of the calculation and publication of RUONIA, which is intended to assure stakeholders of the reliability of the benchmark. In accordance with Principle 12, the Bank of Russia periodically revises the benchmark to ensure that RUONIA continues to properly reflect the economic realities of the interbank market. If necessary, the determination of RUONIA will be amended to eliminate the possibility of the termination of the calculation and publication of RUONIA. Such changes may involve the identification of additional sources of input data, as well as changes to the methodology taking into account developments in the structure of the market. In the hypothetical case of a decision to discontinue the calculation and publication of RUONIA, it will be agreed to by the RUONIA Oversight Committee; The Bank of Russia will determine the procedure for informing stakeholders at least two quarters in advance by means of public notification. In addition, the Bank of Russia will propose possible alternatives to replace RUONIA.</p>	<p>We examined the Calculation Methodology and ensured that it contains information that the Bank of Russia is not considering in the foreseeable future the possibility of terminating the calculation and publication of RUONIA, but if a decision is made to terminate the calculation and publication of RUONIA, the procedure for informing stakeholders at least two quarters in advance through public notification and offering possible alternatives to replace RUONIA, as indicated in the Bank of Russia's self-assessment results, will be determined. See the procedures we carried out with regard to Principle 10 concerning amendments to the Methodology, as well as with regard to Principle 12 concerning consultations with stakeholders.</p>

No.	Principle	Bank of Russia's compliance with the principle	Work performed by EY
14	<p><b>Submitter Code of conduct.</b> Where a benchmark is based on submissions, the following additional principle also applies: the administrator should develop guidelines for submitters ("Submitter Code of Conduct"), which should be available to any relevant regulatory authorities, is any and published or made available to stakeholders. The administrator should only use inputs or submissions from entities which adhere to the Submitter Code of Conduct and the administrator should appropriately monitor and record adherence from submitters. The administrator should require submitters to confirm adherence to the Submitter Code of Conduct annually and whenever a change to the Submitter Code of Conduct has occurred .</p> <p>The administrator's oversight function should be responsible for the continuing review and oversight of the Submitter Code of Conduct .</p>	<p><b>This principle is not applicable.</b> The Bank of Russia does not use the assistance or services of an input data provider ("submitter"), which the International Organization of Securities Commissions defines as a legal entity that provides the administrator or settlement agent with the information necessary to calculate the benchmark. The administrator may employ or enter into an agreement with an information submitter to supply input data for the benchmark. The Bank of Russia interacts directly with counterparty credit institutions and calculates RUONIA based on the data of their interbank transactions. The benchmark is calculated based on data from credit institutions' reports under Form 0409701 "Report on transactions in foreign exchange and money markets", submitted by credit institutions to the Bank of Russia in accordance with Bank of Russia Instruction No. 4927-U, dated 8 October 2018, "Regarding the List, Forms and Procedure for Compiling and Submitting Credit Institutions' Reporting Forms to the Central Bank of the Russian Federation" (as amended). The Bank of Russia determines the requirements for supervisory reporting by credit institutions and applies measures in cases of violation of the timelines and procedures for its submission. Since 2019, criminal liability for inaccurate reporting has been in effect in the Russian Federation. It is applied in the form of both fines and imprisonment for 3 to 7 years, without the right to hold certain positions or engage in certain activities for up to 3 years. Criminal liability is aimed at ensuring reporting discipline that allows for timely, complete and reliable reporting data, including for the calculation of RUONIA. Thus, the requirements of the Submitter Code of Conduct are implemented in Bank of Russia's regulation, which ensures the appropriate responsibility of the credit institutions included in the list of RUONIA contributors.</p> <p>Similarly, taking into account established reporting requirements, <a href="#">the Federal Reserve Bank of New York</a>, <a href="#">the European Central Bank</a>, and <a href="#">the Reserve Bank of Australia</a> have not introduced separate codes of conduct for submitters for any of their benchmark interest rates. In their official statements (reports) on compliance with the Principles for Financial Benchmarks of the International Organization of Securities Commissions, central banks point out the inapplicability of this principle.</p>	<p>Bank of Russia regulations establish requirements for the completion by credit institutions of the reporting forms based on which RUONIA is calculated, as well as other requirements for credit institutions that submit reports (in particular, requirements for the organisation of internal control, for policies to eliminate conflicts of interest and allocate responsibilities among the employees of credit institutions; requirements for the individuals, and their qualifications, who are responsible for signing and sending reports to the Bank of Russia, for instance, the Chief Accountant, their deputies, and division heads; and the penalties and measures applied). Due to the fact that RUONIA is calculated on the basis of mandatory reporting of credit institutions, credit institutions are not submitters of input data in the meaning defined in Principle 14. The Bank of Russia requirements for the preparation and submission of mandatory reporting and the control environment of credit institutions are sufficient to ensure the quality of input data for calculation.</p>

No.	Principle	Bank of Russia's compliance with the principle	Work performed by EY
15	<p><b>Internal controls over data collection.</b></p> <p>When an administrator collects data from any external source the administrator should ensure that there are appropriate internal controls over its data collection and transmission processes. These controls should address the process for selecting the source, collecting the data and protecting the integrity and confidentiality of the data. Where administrators receive data from employees of the front office function, the administrator should seek corroborating data from other sources.</p>	<p><b>The Bank of Russia is compliant with this principle.</b></p> <p>The Bank of Russia has established internal controls at every stage of information collection and processing.</p> <ul style="list-style-type: none"> <li>The quality control procedure for input data at the stage of the acceptance of supervisory reporting is carried out by means of automated data verification. If information does not comply with the established control rules, the reporting is not accepted and a message is automatically sent to the credit institution with refusal to accept the reporting and description of the error.</li> <li>At the report processing stage, report acceptance protocols are generated with information on the absence or presence of errors, which are transmitted to the division of the Bank of Russia responsible for verifying the correctness of the information received from credit institutions.</li> <li>At the stage of the verification of the correctness of the information received, the Bank of Russia analyses the protocols for receiving reports with information about the absence or presence of errors, verifies the completeness of the collection of reports from RUONIA contributors and the consistency of the information provided in the reports of the two counterparties that have conducted a transaction. If information is inconsistent, the data is clarified and the credit institution that has provided incorrect data submits corrected report. Upon receipt of corrected reports checks are carried out similar to those described above.</li> <li>After RUONIA is calculated and before the benchmark is published, an authorised employee of a division of the Bank of Russia reviews and checks the results of calculation.</li> <li>Information with the results of the calculation of RUONIA from special addresses is emailed to the automatic upload robot that publishes RUONIA on the Bank of Russia website and to subscribers that have signed a RUONIA data sharing agreement with the Bank of Russia.</li> </ul>	<p>We reviewed the "Regulation of Interaction Between the Divisions of the Bank of Russia When Calculating and Publishing the RUONIA Ruble Overnight Index Average of the Russian Interbank Market", as well as the scheme of business processes for administering RUONIA, and inspected for evidence that a process for interaction between the divisions in terms of the collection and transfer of data from credit institutions has been established at the Bank of Russia.</p> <p>We reviewed the "Procedure for Calculating and Publishing RUONIA by a Calculation Agent" and inspected for evidence that this procedure describes in detail the procedure for checking input data and the control procedures in order to calculate RUONIA.</p> <p>We reviewed the Control Rules for Form 0409701 "Report on transactions in foreign exchange and money markets" and inspected for evidence that these Rules describe automatic mandatory and preventive controls in the information systems of the Bank of Russia for receiving reports.</p> <p>We obtained examples of the data reception protocol and inspected for evidence that the Bank of Russia controls the reporting templates received from credit institutions and required for calculating RUONIA.</p> <p>We reviewed examples of reports for the completeness of data collection and for verification of transaction matching and inspected for evidence that the data is checked for the consistency of the information provided in the reports of the two counterparties that have conducted a transaction.</p> <p>We obtained the log file of employees in the information systems of the Bank of Russia as part of the RUONIA determination process with an indication of access rights and inspected for evidence that only employees involved in the process of the determination and publication of RUONIA have rights of access to the information systems of the Bank of Russia.</p>

No.	Principle	Bank of Russia's compliance with the principle	Work performed by EY
16	<p><b>Complaints process.</b></p> <p>The administrator should establish and publish or make available a written complaints procedures policy, by which stakeholders may submit complaints including concerning whether a specific benchmark determination is representative of the underlying interest it seeks to measure, applications of the methodology in relation to a specific benchmark determination(s) and other administrator decisions in relation to a benchmark determination. The complaints procedures policy should:</p> <ul style="list-style-type: none"> <li>• permit complaints to be submitted through a user-friendly complaints process such as an electronic submission process;</li> <li>• contain procedures for receiving and investigating a complaint made about the administrator's benchmark determination process on a timely and fair basis by personnel who are independent of any personnel who may be or may have been involved in the subject of the complaint, advising the complainant and other relevant parties of the outcome of its investigation within a reasonable period and retaining all records concerning complaints;</li> <li>• contain a process for escalating complaints, as appropriate, to the administrator's governance body;</li> <li>• require all documents relating to a complaint, including those submitted by the complainant as well as the administrator's own record, to be retained for a minimum of five years, subject to applicable national legal or regulatory requirements.</li> </ul>	<p><b>The Bank of Russia is compliant with this principle.</b></p> <p>The Bank of Russia has developed and implemented a procedure for remote interaction with stakeholders on issues related to RUONIA. There is a specialised channel on the Bank of Russia's website in the "<a href="#">RUONIA Applications</a>" section.</p> <p>Citizens' applications are handled in accordance with Federal Law No. 59-FZ, dated 02 May 2006, "Regarding the Procedure for Handling Applications of Citizens of the Russian Federation" (hereinafter, the Law on Citizens' Applications). Applications from legal entities are handled in accordance with Bank of Russia Instruction No. 159-I, dated 24 December 2014, "Regarding Document Support of Management at the Bank of Russia Head Office". In both cases, the "Regulation for Interaction Between Bank of Russia Divisions When Handling Applications from Applicants Concerning RUONIA and Its Administration by the Bank of Russia" shall apply.</p> <p>An application sent to the Bank of Russia will be registered and considered, and a response will be sent to the applicant as prescribed. The notification of an application accepted for consideration shall be sent automatically to the applicant in electronic form to the e-mail address indicated by him/her in the form of an electronic message. Applications may be in the form of requests, proposals, statements or complaints. If an application is beyond the competence of the Bank of Russia, the applicant will receive a response on the impossibility of consideration of the application. For issues which fall within the competence of the Bank of Russia, the application will be considered, and a response will be sent within 30 calendar days.</p> <p>Applications are registered and processed by employees not involved in the determination of RUONIA.</p> <p>An electronic log file of applications is kept for a minimum of five years and retains all records, including the original texts of the application and the response to the applicant.</p> <p>Applications of significant importance related to RUONIA data and the RUONIA calculation method are reviewed by the RUONIA Oversight Committee. If the issue is important, the Committee may initiate additional discussion with the involvement of external experts. In addition, applications are sent to the SRO NFA for their consideration by the SRO NFA Expert Council on Financial Benchmarks and Rates. If an application requires special control and consideration at a meeting of the Committee, its term will be extended. Moreover, a <a href="#">page</a> with frequently asked questions and answers has been created on the Bank of Russia's official website.</p>	<p>We reviewed the "Procedure for Handling Applications Concerning RUONIA and Its Administration by the Bank of Russia", which is publicly available on the Bank of Russia's <a href="#">website</a>, and inspected it for evidence that the electronic application form is not sent without the applicant's consent to this procedure. We reviewed Federal Law No. 59-FZ, dated 02 May 2006, "Regarding the Procedure for Handling Applications of Citizens of the Russian Federation" and Bank of Russia Instruction No. 159-I, dated 24 December 2014, "Regarding Document Support of Management at the Bank of Russia Head Office" and inspected them for evidence that applications are handled on the basis of such documents.</p> <p>We obtained the "Regulation for Interaction between Bank of Russia Divisions When Handling Applications from Applicants Concerning RUONIA and Its Administration by the Bank of Russia" and inspected for evidence that it outlines:</p> <ul style="list-style-type: none"> <li>• procedures for handling complaints;</li> <li>• conditions of complaint escalation to the Oversight Committee;</li> <li>• requirements for keeping the Log File of applications and responses for the last five years;</li> <li>• a procedure for considering applications with the status of special control.</li> </ul> <p>We obtained the Terms of Reference of the Oversight Committee and inspected for evidence that they provide for the function of the Committee to consider applications and proposals received by the Bank of Russia in relation to RUONIA.</p> <p>We ensured that there are feedback forms on the Bank of Russia website for any external stakeholder to contact the Bank of Russia:</p> <ul style="list-style-type: none"> <li>• <a href="#">Communications on RUONIA</a> in the RUONIA section;</li> <li>• helpline service in the About the Bank of Russia/Anti-corruption/Feedback on Reporting Facts of Corruption section;</li> <li>• message form on the online reception of the Bank of Russia (the subject of the complaint is "General Questions", the type of problem is "Other", the variant of the problem is "Feedback on Reporting Facts of Corruption");</li> <li>• in the About the Bank of Russia/Anti-corruption/Feedback on Reporting Facts of Corruption/Report Facts of Corruption section.</li> </ul> <p>We obtained the Register of Applications and Responses for 2020 on issues related to RUONIA, as well as applications from external institutions received by the Bank of Russia in the form of official letters for 2020, and inspected them for evidence that such documents contain information about applications and are retained by the Bank of Russia.</p>

No.	Principle	Bank of Russia's compliance with the principle	Work performed by EY
16	<p>Disputes about a benchmarking determinations, which are not formal complaints, should be resolved by the administrator by reference to its standard appropriate procedures. If a complaint results in a change in a benchmark determination, this should be published or made available to subscribers and published or made available to stakeholders as soon as possible as set out in the methodology.</p>		
17	<p><b>Audits.</b></p> <p>The administrator should appoint an independent internal or external auditor with appropriate experience and capability to periodically review and report on the administrator's adherence to its stated criteria and with the principles. The frequency of audits should be proportionate to the size and complexity of the administrator's operations.</p> <p>Where appropriate to the level of existing or potential conflicts of interest identified by the administrator (except for benchmarks that are otherwise regulated or supervised by a national authority other than a relevant regulatory authority), an administrator should appoint an independent external auditor with appropriate experience and capability to periodically review and report on the administrator's adherence to its stated methodology. The frequency of audits should be proportionate to the size and complexity of the administrator's benchmark operations and the breadth and depth of benchmark use by stakeholders.</p>	<p><b>The Bank of Russia is compliant with this principle.</b></p> <p>In the Bank of Russia, the function of independent audit is performed by the Internal Audit Department, which assesses compliance with the requirements and procedures related to the determination of RUONIA. Internal audit procedures are carried out on a periodic basis using a risk-based approach. Information about the results of internal audit procedures is sent to the Bank of Russia Governor.</p> <p>Draft documents regulating the activities of the Bank of Russia as the administrator of RUONIA are reviewed by internal auditors. Responsible employees of the Internal Audit Department as observers are invited to the meetings of the RUONIA Oversight Committee.</p> <p>When making significant changes to the activities of the Bank of Russia as the administrator of RUONIA, as well as when making significant methodological changes, the Bank of Russia engages an independent external auditor with international experience in auditing foreign administrators of financial benchmarks. Preference is given to international auditors with experience in auditing financial benchmarks administered by financial institutions, primarily central banks.</p>	<p>We obtained the following documents:</p> <ul style="list-style-type: none"> <li>Regulation No. 376-P "Regarding Internal Audit in the Central Bank of the Russian Federation";</li> <li>Bank of Russia Order "Regarding Arranging in the Bank of Russia the Administration of the RUONIA Ruble Overnight Interest Rate" and inspected them for evidence that the audit of the RUONIA administration process is carried out by the Internal Audit Department as part of the audit plan, taking into account a risk-based approach.</li> </ul> <p>We reviewed Article 95 of Federal Law No. 86-FZ "Regarding the Central Bank of the Russian Federation (Bank of Russia)", and inspected it for evidence that, according to this article, internal audit in the Bank of Russia is carried out by the service of the Chief Auditor of the Bank of Russia, directly subordinate to the Bank of Russia Governor.</p> <p>We obtained a copy of the Internal Audit Standard of the Chief Auditor Service of the Bank of Russia SVA-1-2020 "Assessment of the RUONIA Administration Process in the Bank of Russia" and inspected it for evidence that the Bank of Russia has general rules, a procedure and requirements for actions taken by the Chief Auditor Service of the Bank of Russia to assess the RUONIA administration process in accordance with the procedure for conducting internal audit procedures.</p> <p>We obtained the Terms of Reference of the Oversight Committee and inspected for evidence that the roles and responsibilities of the Committee include the review of information from the Internal Audit Department and the initiation of external audit of RUONIA.</p>



No.	Principle	Bank of Russia's compliance with the principle	Work performed by EY
18	<p><b>Audit trail.</b></p> <p>Written records should be retained by the Administrator for five years, subject to applicable national legal or regulatory requirements on:</p> <ul style="list-style-type: none"> <li>• all market data, submissions and any other data and information sources relied upon for benchmark determination;</li> <li>• the exercise of expert judgment made by the administrator in reaching a benchmark determination;</li> <li>• other changes in or deviations from standard procedures and methodologies, including those made during periods of market stress or disruption;</li> <li>• the identity of each person involved in producing a benchmark determination;</li> <li>• any queries and responses relating to data inputs.</li> <li>• If these records are held by a regulated market or exchange the administrator may rely on these records for compliance with this principle, subject to appropriate written record sharing agreements.</li> </ul> <p>When a benchmark is based on submissions, the following additional principle also applies: submitters should retain records for five years.</p>	<p><b>The Bank of Russia is compliant with this principle.</b></p> <p>The Bank of Russia retains information related to the determination of RUONIA for a minimum of five years.</p> <ul style="list-style-type: none"> <li>• The market data inputs on interbank transactions have been retained electronically in the data storage of the Bank of Russia since 2010, when the calculation and publication of RUONIA started.</li> <li>• The Bank of Russia does not use expert judgments and submissions in the determination of the benchmark.</li> <li>• The use of data in unforeseen circumstances is recorded in the reports of the RUONIA Oversight Committee.</li> <li>• Identity information about Bank of Russia employees responsible for calculating the benchmark is reported in the administrative documents of the Bank of Russia.</li> <li>• Any applications from stakeholders on issues related to RUONIA are retained in an electronic log file maintained by an authorised employee of the Statistics and Data Management Department.</li> </ul>	<p>We reviewed the website of the Bank of Russia and inspected it for evidence that information about archived RUONIA values and about credit institutions is publicly available for a minimum of five previous years.</p> <p>We inspected for evidence that information about the Calculation Methodology and changes thereto, minutes of the meetings of the Oversight Committee and the SRO NFA Expert Council, as well as the roles and responsibilities of the Oversight Committee and the SRO NFA Expert Council are publicly available on their websites.</p> <p>We obtained documents on information security, as well as the document with functional requirements "Application for Improvement of Software that Provides for the Calculation and Publication of RUONIA" and inspected them for evidence that data inputs and determinations of RUONIA are retained for at least five years.</p> <p>We obtained a selection of records to be retained for five years following the date of the report and inspected them for evidence that the following information is retained for five years in the information systems of the Bank of Russia:</p> <ul style="list-style-type: none"> <li>• Received Forms 0409701 used in calculation;</li> <li>• Protocols for accepting reporting templates;</li> <li>• Information about classification of rates;</li> </ul> <p>Reports on transaction matching and completeness of data from the information systems of the Bank of Russia.</p> <p>We obtained the Risk events Register and the Register of the actions performed to eliminate problems in the process of checking and ensuring the correctness of input data and the calculation and publication of RUONIA and inspected them for evidence that events are recorded in these registers at the date of occurrence.</p> <p>We obtained a document outlining functional requirements "Application for Improvement of Software that Provides for the Calculation and Publication of RUONIA" and inspected it for evidence that the retention period for the reserve RUONIA value in the information systems of the Bank of Russia is indicated as indefinite.</p> <p>We obtained the Employee Registration Log in the information systems within RUONIA determination process and inspected it for evidence that employee identification information is kept for five years, and that during the previous five years:</p> <ul style="list-style-type: none"> <li>• access to information systems was provided only to those employees of the Bank of Russia who are responsible for data inputs in the ordinary course of business;</li> <li>• there was no unauthorised access to the information systems by other employees of the Bank of Russia.</li> </ul> <p>We examined the following documents:</p> <ul style="list-style-type: none"> <li>• Bank of Russia Instruction No. 159-I, dated 24 December 2014, "Regarding Document Support of Management at the Bank of Russia Head Office";</li> <li>• Bank of Russia Ordinance No. 4445-U, dated 03 July 2017, "Regarding the Procedure for Paperwork in the Document and Office Management System of the Bank of Russia Head Office";</li> </ul>

No.	Principle	Bank of Russia's compliance with the principle	Work performed by EY
18			<ul style="list-style-type: none"> <li>Bank of Russia Ordinance No. 4261-U, dated 12 January 2017, "Regarding the List of Documents Generated in the Activities of the Central Bank of the Russian Federation, Indicating the Retention Period" and inspected them for evidence that the retention period for document workflow is regulated, that is, information on queries and responses relating to RUONIA calculation is retained in the Bank of Russia for at least five years.</li> </ul>
19	<p><b>Co-operation with Regulatory Authorities.</b> Relevant documents, audit trails and other documents subject to these principles should be made readily available by the relevant parties to the relevant regulatory authorities in carrying out their regulatory or supervisory duties and handed over promptly upon request.</p>	<p><b>The Bank of Russia is compliant with this principle.</b> There is no federal legislation in the Russian Federation that sets requirements for administrators of financial benchmarks. Accordingly, there is no government body responsible for regulation and oversight of the administration of RUONIA. At the same time, the Bank of Russia may exchange information with other authorised bodies, including data sharing memoranda and agreements. In particular, in 2015, the Bank of Russia signed a Multilateral Memorandum of Understanding Concerning Consultation, Cooperation and the Exchange of Information with the International Organization of Securities Commissions, which is in charge of the Principles for Financial Benchmarks. The Bank of Russia is included in the A list of member agencies who have signed the <a href="#">Multilateral Memorandum</a>. In addition, the Bank of Russia has <a href="#">signed agreements</a> of understanding (cooperation) with a number of national regulatory authorities. Official queries regarding RUONIA from foreign regulators can be submitted under existing agreements.</p>	<p>We conducted interviews with employees of the Bank of Russia and also examined the Bank of Russia website and, based on the information received, ensured that the Bank of Russia effectively interacts with the International Organization of Securities Commissions, cooperates with financial market regulators in other countries and participates in the activities of committees and working groups in the financial market. We obtained the Multilateral Memorandum of Understanding Concerning Consultation, Cooperation and the Exchange of Information with the International Organization of Securities Commissions signed by the Bank of Russia and inspected for evidence that this Memorandum allows the Bank of Russia to effectively interact with the International Organization of Securities Commissions, including participation in the activities of committees and working groups.</p>