HM Treasury

Future regulatory regime for benchmarks and benchmark administrators

Consultation

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Chapter 1
Introduction

Benchmarks Reform

1.1 The UK is home to world-class financial markets that play a central role in the UK's domestic and global economy. It is the world leader in commodity trading, foreign exchange, bond issuance, and derivatives clearing. These markets rely on the availability of a wide range of benchmarks. Benchmarks are integral to the functioning of financial markets and play an important role in the allocation of capital and risk across the economy.

1.2 The Benchmarks Regulation (BMR) forms part of assimilated law, following the UK's withdrawal from the European Union (EU). It regulates benchmark administrators, both authorised and non-authorised contributors, and authorised users of benchmarks. The BMR contains requirements that relate to benchmark methodology, governance and transparency, and has applied in the UK since 1 January 2018.

1.3 The BMR was legislated at the EU-level in part in response to cases of attempted manipulation of Inter-bank Offer Rates (IBORs) and the systemic risks posed by the decline of the representativeness of such widely used benchmarks. Since its implementation, the BMR has supported the accuracy, robustness, and integrity of financial benchmarks, helping to maintain market confidence, including during the transition away from LIBOR. However, the financial landscape has evolved significantly, and the limitations of the regulation have become apparent over time. The government recognises the need to ensure that the regulatory framework remains proportionate, effective, and tailored to the UK.

1.4 The government sees this reform as an opportunity to improve the effectiveness of regulation, reduce burdens, enhance UK competitiveness, and support the UK's position as a global financial centre. The Financial Services and Markets Act (FSMA) 2023 repeals assimilated law in financial services, allowing the government to replace it with a more agile and responsive regulatory regime by delegating firm-facing provisions to the regulators. The government continues to prioritise this work, particularly focusing on areas where there are potential benefits to growth and competitiveness. As of 1 January 2026, the UK will be the only jurisdiction with a benchmarks regime that regulates all benchmarks produced within the jurisdiction.

1.5 In addition, reform will help facilitate UK firms to access benchmarks produced overseas. While the BMR provides for the use of overseas benchmarks, there are clear problems with the overseas

regime, and it has never come into force. As a result, benchmarks produced in the UK are subject to significantly greater regulation than overseas benchmarks, despite UK authorised firms being able to use all benchmarks regardless of where they are produced. The government wishes to ensure that market participants continue to have access to a wide variety of overseas benchmarks, to support the competitiveness of the UK financial services sector within a framework that is compatible with the government's objectives for the UK's regulatory regime.

1.6 Since announcing the review as part of the Financial Services Growth and Competitiveness Strategy published at Mansion House, the government has spoken to trade associations and market participants, ranging from benchmark administrators to asset managers, to understand their views on the effectiveness of the current benchmarks regime.[1] This initial engagement has informed the government's proposals set out in this consultation.

1.7 Reviewing the regulatory framework for benchmarks is an opportunity for the government to create a new, coherent and proportionate regime that reflects the evolving nature of benchmark use and administration and ensures that the UK remains internationally competitive with businesses and markets having access to a wide range of benchmarks.

HM Treasury Objectives

1.8 The government's overall vision for UK financial services is set out in the Financial Services Growth and Competitiveness Strategy. As that publication explains, the government's aim is for the UK's financial services regulatory environment to be proportionate, predictable, and internationally competitive. HM Treasury is taking forward an ongoing and comprehensive reform programme to our regulatory regime focussed on those areas that have the greatest impact on competitiveness and make the greatest improvements to market functioning and effectiveness.

1.9 The government has identified the UK's regulatory regime for benchmarks as being in clear need of reform and has decided to repeal the BMR and replace it with a regime where the primary objective is to address where benchmarks may pose significant and adverse risks to the integrity of the UK financial system and consumers, in a targeted and proportionate way.

1.10 By delivering on this objective, the government will:

- Support the UK's position as a global financial centre whereby users can continue to access a wide range of benchmarks, including those provided from outside the UK.
- Work with the Financial Conduct Authority (FCA) to ensure that requirements placed on benchmark administrators, contributors,

[1] Financial_Services__Growth___Competitiveness_Strategy_final.pdf

and users are commensurate with the risks to market integrity, financial stability and the real economy.

- Support innovation and competition so users can access a range of benchmarks suited to their needs.
- Ensure that the FCA has the appropriate powers and tools to address misconduct and risks to consumers, to fight financial crime, and thereby to ensure market integrity and support financial stability.

Policy Approach

1.11 The government is consulting on the proposal to introduce an entirely new benchmarks regime, which only regulates those benchmarks or benchmark administrators that may pose systemic risks to UK financial markets. This will ensure that market participants can continue to access a wide range of benchmarks to support UK financial services and economic growth.

1.12 Under the new Specified Authorised Benchmark Regime (SABR), benchmarks or benchmark administrators will be designated by HM Treasury based on advice from the FCA. Once designation takes effect, benchmarks or benchmark administrators would be considered in scope of the regime and the relevant obligations would apply. All other benchmarks and administrators providing benchmarks in the UK would not be regulated. As proposed in this consultation, the designation criteria would be based on whether there would be an impact on the integrity of the UK financial system and consumers, or an impact on the market the benchmark seeks to measure. The designation criteria for benchmark administrators would consider the aggregate impact of benchmarks administered by the firm on the integrity of the UK financial system and consumers.

1.13 Under this regime, it should not be assumed that non-regulated benchmarks are of lower quality than regulated benchmarks. There will no longer be the obligation for authorised firms, such as banks or asset managers, to only use benchmarks on an FCA register.

1.14 The current regimes for overseas benchmarks (equivalence, recognition, and endorsement) exist in the context of a regime that regulates all benchmarks, rather than a select number. This consultation seeks views on whether the endorsement and recognition regimes are still necessary, where only designated overseas administrators and benchmarks would need to comply with an overseas regime to provide their benchmarks in the UK.

1.15 Under this proposal, the number of benchmark administrators caught within the scope of regulation may reduce by up to 80 to 90 per cent. This would move the UK from a regime that regulates millions of benchmarks and approximately 45 domestic administrators to a regime that regulates only a small number of benchmarks and administrators.

Who should be interested?

1.16 HM Treasury welcomes views from all stakeholders. Your feedback will help shape a regime that supports innovation, integrity, and competitiveness in UK financial markets. We are particularly keen to hear from:

- UK and overseas benchmark administrators;
- Authorised and non-authorised firms using benchmarks, including asset managers, corporates, exchanges, and wholesale banks;
- Authorised and non-authorised firms that provide or contribute input data to benchmarks.

1.17 Please send responses to MarketConduct@hmtreasury.gov.uk by 11 March 2026. The government will carefully consider responses, which will be important for informing policy development. Based on the responses received, the proposal in this paper may change and the government may seek further engagement from stakeholders to further develop the regulation.

Chapter 2
Scope of regulation

2.1 The BMR delivered many of its original objectives, including safeguarding high standards and supporting the successful transition away from LIBOR.

2.2 The BMR has also helped to minimise market integrity risks by putting in place controls, in line with the internationally recognised and voluntary global standards set by the International Organisation of Securities Commissions ('IOSCO principles').[2]

2.3 However, the government recognises that the market has evolved and substantial parts of the regime impose burdens that are disproportionate to the risks they aim to address. As a result, the government no longer considers it proportionate to regulate the producers of all benchmarks.

Background

2.4 The BMR defines a benchmark as an index that determines an amount payable under, or the value of, a financial instrument or contract, or is used to measure the performance of an investment fund for return-sharing or fee purposes. It regulates the use of all financial benchmarks by supervised entities in the UK. It also captures those who contribute to benchmarks and any organisation that administers benchmarks in the UK.

2.5 The BMR places requirements relating to benchmark methodology, governance, and transparency on all benchmark administrators, and benchmark contributors that provide input data such as prices, rates, or quotes. This imposes significant regulatory burdens, even on low impact and low risk benchmarks, for example, that would not present significant risks to UK markets and consumers.

2.6 The BMR identifies two categories of economically important benchmarks: 'significant' and 'critical', based on qualitative and quantitative criteria. Benchmarks that meet the criteria have higher standards and further requirements placed on them.

Under Article 24 of the BMR, a benchmark is considered 'significant' where it meets qualitative and quantitative criteria, including:[3]

[2] Principles for Financial Benchmarks

[3] https://www.legislation.gov.uk/eur/2016/1011/article/24

- The value of contracts referencing it is at least €50 billion, or
- Where there are no or very few market-led substitutes and there would be a significant and adverse impact on market integrity, financial stability, consumers, the real economy or the financing of households or businesses in the UK if the benchmark ceased to be produced or it was no longer reliable.

Under Article 20 of the BMR, a benchmark is specified as 'critical' following a recommendation from the FCA where it meets certain qualitative or quantitative conditions. This includes: [4]

- Where the value of the contracts referencing the benchmark is at least €500bn,
- Where it has no or very few market-led substitutes if it were to cease being produced, or
- Where it is not reasonably practicable for one or more users to switch to an available substitute, and
- The benchmark's cessation or unrepresentativeness would result in significant and adverse impacts on market integrity, financial stability, the real economy, or the financing of households and businesses in the UK.

2.7 Notwithstanding the transitional provisions set out in Article 51 of the BMR, all UK supervised users must use benchmarks provided by an authorised UK based benchmark administrator listed on the FCA's Benchmarks Register, or an overseas benchmarks if it has been approved through equivalence, recognition or endorsement and is listed on the FCA's Third Country Benchmarks Register.[5] Chapter 5 seeks views on how these regimes might be reformed.

2.8 Transitional provisions for overseas benchmarks are currently in place until the end of 2030, which allow UK firms to continue using overseas benchmarks that are not on the FCA's Third Country Benchmarks Register.

Initial Stakeholder feedback

2.9 As noted above, the government has engaged with a range of stakeholders, including benchmark administrators, banks and asset managers, to understand views on the effectiveness of the current benchmarks regime. The feedback received through this initial engagement highlighted broad support across all market participants

[4] https://www.legislation.gov.uk/eur/2016/1011/article/20

[5] https://register.fca.org.uk/BenchmarksRegister/s/?pageTab=ThirdCountry

for reconsidering the scope of the regime, both to reduce regulatory burden and to address issues with the existing overseas regime. Users of benchmarks expressed concern that if, after the transitional provisions expire at the end of 2030, the overseas routes under the BMR become the only way to provide overseas benchmarks in the UK, this would reduce the range of benchmarks available in the UK. The view was that a reduced availability of overseas benchmarks would disadvantage UK businesses. In regard to the BMR's criteria for 'significant benchmarks', administrators noted concerns about relying on the usage thresholds due to the difficulty of calculating usage of a benchmark. They also noted a lack of clarity over whether certain overseas benchmarks are in scope or out of the regime. Should the scope of the regime be reduced, some administrators were in favour of the option to opt-into regulation to provide them certainty and to signal assurance to their clients.

The scope of the new Specified Authorised Benchmarks Regime

2.10 The government is therefore consulting on a new regime, the Specified Authorised Benchmarks Regime (SABR), where only those benchmarks and administrators posing systemic risks to UK financial markets are regulated.

2.11 The new regime would only seek to address circumstances where there are risks of significant disruption to UK markets should:

- A benchmark cease to be produced, when there are no available substitutes within the market or where switching to an alternative benchmark is not practicable, or
- A benchmark is no longer representative of the underlying market it seeks to measure.

Criteria for designation

2.12 Under this proposal, HM Treasury would designate those benchmarks or administrators that meet the criteria, based on advice from the FCA.

Designated benchmarks

2.13 The criteria for designation would be set in legislation and would allow HM Treasury to designate an individual benchmark. Under these principles, benchmarks which are widely used within a specific market may be captured, even if their overall usage across UK markets is relatively small. In such cases, designation would depend on whether the cessation or loss of representativeness of that benchmark could have a systemic impact or spillover effect on wider UK financial markets.

2.14 The government welcomes views on the proposed criteria:

Impact on the integrity of the UK financial system and consumers

- The benchmark has no or few substitutes, or it is not reasonably practicable for one or more users of the benchmark to switch to one of the substitutes, and
- In the event that the benchmark ceases to be provided without sufficient notice or is provided on the basis of data no longer fully representative of the underlying market or economic reality or on the basis of unreliable data, there would be significant and adverse impacts on the integrity of the UK financial system and consumers.

Impact on the market that the benchmark seeks to measure

- The benchmark has no or few substitutes, or it is not reasonably practicable for one or more users of the benchmark to switch to one of the substitutes, and
- In the event that the benchmark ceases to be provided without sufficient notice, or is provided on the basis of data no longer fully representative of the underlying market or economic reality or on the basis of unreliable data:
    - There would be significant and adverse impacts on the market that the benchmark seeks to measure, and/or
    - There could be significant and adverse impacts on markets materially connected to the market the benchmark seeks to measure.

Designated administrators

2.15 The regime being consulted on would also allow HM Treasury to designate an administrator which produces a large number of benchmarks and, while one individual benchmark may not have a systemic impact, the aggregate use of all the administrator's benchmarks could pose a systemic risk. If the administrator has poor governance or systems and controls across all their benchmarks, this could have a disproportionate impact on UK markets. Likewise, if the administrator were to fail, the aggregate impact of the cessation of all their benchmarks could have a significant and adverse impact on UK markets.

2.16 The government therefore also welcomes views on the proposed designation criteria for benchmark administrators below.

Aggregate impact of benchmarks administered by the firm on the integrity of the UK financial system and consumers

The firm administers benchmarks that, when taken together, would have a significant and adverse impact on the integrity of the UK financial system and consumers if they:

- Ceased without sufficient notice,
- Were provided on the basis of data no longer fully representative of the underlying market or economic reality,
- Were determined on the basis of unreliable data, or
- Were not administered correctly according to their methodologies.

2.17 One feature of these criteria are the references to a significant adverse impact if benchmarks were to cease without 'sufficient notice'. Currently, administrators of critical benchmarks must hold enough financial resources to cover six months of operating costs. However, authorised firms have previously told the FCA they could manage the cessation of a benchmark if they had 12 months' notice. The government would therefore welcome views on what notice period should be considered 'sufficient' to allow an orderly transition away from a benchmark that is due to cease in the context of the designation process.

2.18 Under the proposal, the current categories of 'critical' or 'significant' benchmarks based on quantitative usage thresholds would not be retained. Consistent with the overall intention to reduce regulatory burden, the government does not intend to bring benchmarks currently exempted under Article 2, such as those administered by central banks, in scope of SABR.[6]

2.19 A list of designated benchmarks and administrators would be maintained and made available to the public.

Process for designation

2.20 Under the approach being consulted on, HM Treasury would make designations on the basis of recommendations from the FCA.

2.21 As part of their recommendations, the FCA may consider a range of information to support their assessment, such as available data on usage within UK markets, the type of benchmark in question (i.e. regulated data or a commodity benchmark) and in what contexts the benchmark is used (i.e. in loans, derivative contracts or to define the asset allocation of an investment fund).

2.22 If a recommendation were accepted, HM Treasury would advise the benchmark administrator on the expected designation timeframe. Once designated, administrators would need to comply with the relevant obligations, would need to be authorised and be subject to supervision by the FCA, unless they can use an overseas regime (see chapter 5). Where administrators are currently regulated under the current regime and may be designated under SABR, the government

[6] https://www.legislation.gov.uk/eur/2016/1011/article/2

will consider how best to ensure a smooth transition to avoid cliff-edges.

2.23 Subject to the outcome of this consultation, the government will continue to consider the exact details of the designation process, drawing on existing precedents within the financial services regulatory framework including the current process to specify benchmarks as critical under Article 20 and the approach to designating critical third parties to the UK financial sector.[7]

2.24 There would also be a process for de-designation to ensure that the regime only ever applies to benchmarks and administrators of systemic importance.

Voluntary Opt-in

2.25 In HM Treasury's initial engagement with stakeholders, some firms suggested that the government should consider a voluntary opt-in to regulation, even when firms might not meet the criteria. The government has considered the merits of this but does not believe an opt-in regime is compatible with the government's objectives to create a regulatory and supervisory regime that is tailored and targeted to benchmarks and administrators of systemic importance.

2.26 The government is proposing to remove any requirement on users to only use regulated benchmarks. Likewise, the government would ensure that there is no regulatory advantage to using a regulated benchmark over a non-regulated benchmark. The ability for firms to opt into regulation would not bring any material benefit in the context of these broader reforms and would be at odds with the objectives of these reforms.

Firm Facing requirements

2.27 Consistent with the FSMA 2000 model of financial regulation, the government intends to delegate the detailed firm facing requirements that will apply to the designated administrators and their benchmarks, to the FCA.[8] This includes requirements such as governance, conflicts of interest, oversight function, transparency of methodology and record keeping. In line with the IOSCO principles, these requirements seek to address conflicts of interest in the benchmark-setting process through governance requirements, as well as transparency requirements to allow users to evaluate and compare benchmarks.

2.28 Under this model, the FCA would have the flexibility to set requirements in a way that is proportionate to the different types of benchmarks and the relative risks posed by them.

2.29 In line with removing the distinction between "critical" and "significant" benchmarks contained in the current BMR, the

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[7] HM_Treasury_Approach_to_Designating_Critical_Third_Parties_2024.pdf

[8] Financial Services and Markets Act 2000

government proposes to remove the specific requirements for interest rate benchmarks, regulated data benchmarks, and commodity benchmarks from legislation, instead giving the FCA the flexibility to set requirements in a way that is proportionate to different types of benchmarks and the relative risks posed by them.

2.30 When setting requirements for different types of benchmarks, the FCA would have regard to relevant international standards, including for example the IOSCO Principles for Oil Price Reporting Agencies as relevant to commodity benchmarks.[9] Delegating these requirements to the FCA would ensure that SABR remains flexible, and outcomes based.

2.31 As is the case now with authorised firms, the FCA would be able to exercise appropriate supervisory and/or enforcement powers where designated benchmarks or administrators do not meet regulatory requirements.

Questions

Question 1: Do you agree with the proposed approach to the regulation of benchmarks in the UK, in particular:

- A narrower regime with only benchmarks and administrators, which may have an impact on the integrity of the financial system and consumers, required to be regulated;
- A designation regime based on qualitative criteria to determine which benchmarks are regulated;
- Not having an opt-in regime;
- Administrators of designated benchmarks and designated benchmark administrators to be regulated by the FCA as authorised firms?

Question 2: Do you have any comments on the criteria for designation? Do the proposed criteria capture the right risks? If not, what would you change?

Question 3: In reference to the designation criteria, do you have views on what is the appropriate notice period for an authorised firm to transition to a new benchmark should a designated benchmark it uses cease to be provided?

Question 4: Do you agree that HMT should have the option to designate benchmark administrators at an entity-level as well as individual benchmarks?

[9] FR06/12 Principles for Oil Price Reporting Agencies

ESG Benchmarks

2.32 The UK government recognises the growing importance of Environmental, Social, and Governance (ESG) factors in financial markets and policy frameworks. ESG benchmarks include those whose methodologies integrate ESG criteria in the selection, weighting or exclusion of underlying assets. These benchmarks aim to provide transparency and comparability for investors seeking to align their portfolios with sustainability objectives. The BMR imposes ESG disclosure requirements on most benchmarks and contains requirements for specific ESG benchmark labels.

Disclosure Requirements

2.33 The BMR requires administrators to specify which, if any, ESG factors are considered in the benchmark methodology and explain how these factors influence the selection, weighting, or exclusion of underlying assets. They must also disclose the sources of data and the standards used to assess ESG factors. Finally, administrators must indicate whether the benchmark explicitly pursues ESG objectives.

2.34 The regulation excludes interest rate, and foreign exchange benchmarks, from these ESG disclosure requirements.

ESG labels

2.35 Two specific categories of ESG benchmarks are defined in the BMR with more stringent criteria. These labels help investors identify benchmarks that align with specific climate objectives.

2.36 Climate Transition Benchmarks (CTBs): These benchmarks aim to facilitate the transition to a low-carbon economy by including companies that demonstrate a measurable commitment to reducing greenhouse gas emissions.

2.37 Paris-Aligned Benchmarks (PABs): These are designed to align with the objectives of the Paris Agreement, including limiting global warming to 1.5°C. PABs apply stricter exclusion criteria and require a more ambitious decarbonisation trajectory than CTBs.

2.38 The UK has retained these labels in legislation since leaving the EU. For a benchmark administrator to be able to use these CTB and PAB labels, they must adhere to additional requirements in relation to their methodology, including minimum standards for greenhouse gas emissions reduction and sectoral or revenue-based exclusions.

ESG benchmarks under the SABR

2.39 Given the intention to reduce the scope of the benchmark's regime to only regulate designated benchmarks and administrators, many ESG benchmarks would fall out of scope of the new regime. The government welcome views on any particular impacts this may have for users of ESG benchmarks.

2.40 For those benchmarks that remain in regulation, as set out in chapter 2, the government intends to delegate firm facing requirements applying to benchmark administrators to the FCA. This means that it would be for the FCA to determine any detailed requirements regarding ESG disclosures. These requirements could, for example, be applied to ESG benchmarks produced by a designated administrator. Any such firm facing requirements would sit alongside other requirements on all FCA authorised firms such as the FCA's anti-greenwashing rule.

2.41 This reduction of scope of the benchmarks regime may have consequences for the recently introduced ESG ratings regime.[10] Where benchmarks cease to be regulated under SABR, administrators would need to consider whether they could fall within scope of the ESG ratings regime and so need to seek authorisation as a ratings provider. Such administrators may not, for example, be able to take advantage of the exemptions in regulation 63V (3) of the Financial Services and Markets Act 2000 (Regulated Activities) (ESG Ratings) Order 2025. The government welcomes feedback from stakeholders regarding any operational or other unforeseen challenges in such a scenario.

2.42 As set out above, the BMR also includes the PAB and CTB labels. While these labels represent a useful kite-mark that a benchmark meets certain requirements, the provision of PAB and CTB labelled benchmarks fromthe UK is low and maintaining them is at odds with the overall approach of focusing the regime on benchmarks and administrators of systemic importance. The government welcome views as part of this consultation on the value of retaining these labels, and if so whether the labels require any modification or updating. The government proposes to remove the requirement in legislation for regulated administrators to endeavour to provide PAB and CTB benchmarks.

Questions

Question 5: Do you have any views on this approach to ESG benchmarks?

Question 6: Do you have any views on whether the UK should maintain the PAB and CTB labels and regulate the use of the labels?

Commodity benchmarks

2.43 Commodity benchmarks are benchmarks where the underlying asset of the benchmark is a commodity, defined as any goods of a fungible nature that are capable of being delivered, including metals and their ores and alloys, agricultural products, and energy such as electricity. They are often used to provide the final settlement price of a

[10] The Financial Services and Markets Act 2000 (Regulated Activities) (ESG Ratings) Order 2025

commodity by those trading in physical commodities and associated derivatives.

2.44 Under the BMR, many commodity benchmarks are subject to the requirements set out in Annex II, rather than Title II, which in general represents a lighter touch regime, reflecting specific features of commodity benchmarks.

2.45 Under SABR, commodity benchmarks would only be regulated if they are of systemic importance and are designated as such by HM Treasury, so most commodity benchmarks would fall out of scope of the regime.

2.46 However, where commodity benchmarks are designated and regulated by the FCA, the government does not intend to preserve Annex II of the BMR. This would mean that the FCA will have the flexibility to set the firm-facing requirements applying to the administrators of commodity benchmarks, similar to other types of benchmarks (see paragraph 2.28). The FCA would have regard to the different benchmark types and relevant international standards when setting requirements. This proposed approach is proportionate given the regime would only apply where commodity benchmarks or benchmark administrators pose a systemic risk.

Questions

Question 7: Do you agree that commodity benchmarks should be designated under the same criteria as other benchmarks (set out in Chapter 2)?

Question 8: Do you agree that there should no longer be a separate regime in legislation for designated commodity benchmarks?

Chapter 3
Benchmark Contributors

3.1 The BMR defines a contributor as a natural or legal person contributing input data to a benchmark. Input data refers to data in respect of the value of one or more underlying assets, or prices, including estimated prices, quotes, committed quotes or other values, used by an administrator to determine a benchmark.

3.2 As set out earlier, the BMR places requirements on benchmark contributors. Authorised contributors are subject to governance and control requirements, including obligations to maintain robust systems and controls to prevent conflicts of interest, and ensure data accuracy.

3.3 The BMR also covers non-authorised contributors. These entities, while not authorised under FSMA, may still provide input data to benchmarks, and are subject to requirements on transparency, record-keeping and cooperation with administrators.

3.4 The FCA has powers over both authorised and non-authorised contributors. These powers allow the FCA to enforce the BMR requirements. The FCA also has a power to compel the contribution of input data to the administrator of a specified benchmark by authorised contributors.

Benchmark contributors under SABR

3.5 Subject to the outcome of the consultation, the government would maintain existing obligations for authorised contributors of designated benchmarks, delegating the firm facing requirements to the FCA. The legislation would retain the FCA's power to require contributions from authorised persons. Under SABR, contributors who are not authorised persons should not be subject to requirements under the new regime.

3.6 The current definition of input data under the BMR does not extend to non-price data. Given the increasing use of non-price data, such as ESG metrics and qualitative indicators, in benchmark methodologies, there is a question as to whether the FCA needs further powers over contributors of non-price data. Any change would have implications for the scope of contributors caught under SABR. The government will consider this as part of the review and welcomes feedback.

Questions

Question 9: Do you have views on the proposed approach for contributors to designated benchmarks?

Question 10: Do you agree that the FCA needs powers over non-price contributors?

Chapter 4
Users of benchmarks

4.1 Under the BMR, supervised users must only use benchmarks on the FCA Benchmarks Register or the Third Country Benchmarks Register, unless the benchmark can benefit from the overseas transitional provision.

Proposal

4.2 Under this proposal for consultation, only those benchmarks and administrators that meet the criteria for designation would be regulated, with the majority of benchmarks expected to fall out of regulation. It would therefore no longer be necessary to require authorised firms to only use regulated benchmarks. These requirements in legislation would therefore be removed.

4.3 The FCA would, however, be able to make rules applying to authorised firms as part of their broader role as the conduct regulator and supervisor of these firms. These could include rules or guidance as to how firms should manage risk associated with benchmarks, both regulated and non-regulated, such as by having cessation plans. The FCA will consult separately on the detail of such firm facing obligations for authorised firms using benchmarks.

4.4 The FCA may continue to communicate with authorised firms on the key risks it has identified in relation to their benchmark use, whether the benchmarks they used have been designated or not, and setting out its supervisory expectations.

4.5 Moreover, authorised firms should continue to undertake their own due diligence as to whether a benchmark is appropriate for their specific business. The Financial Stability Board (FSB) encourages market participants to use robust reference rates based on deep, credible and liquid markets. The LIBOR transition highlighted the need for strong fallback provisions to be adopted universally, and firms should consider risks carefully.

4.6 Provisions in the BMR have implications for other regulatory areas, such as prospectuses.[11] Other regulatory regimes such as the Market Abuse Regulation (MAR) and the Markets in Financial Instruments Regulation (MiFIR) also use a definition of a benchmark which is based on the UK BMR definition.[12] As noted above, users of benchmarks would be free to use regulated and non-regulated

[11] See Article 29(2), https://www.legislation.gov.uk/eur/2016/1011/article/29/

[12] Art 3.1(29) of UK MAR. and Art 37 of MiFIR.

benchmarks under SABR. The government welcomes feedback on what impact such a change in approach would have on the interaction of benchmarks and other regimes and how it should be approached in practice, noting the objective of having a more proportionate approach to regulation.

4.7 The government also welcomes feedback on whether FCA guidance would be helpful for informing authorised firms' approach to using non-regulated benchmarks.

Questions

Question 11: Do you agree with the proposed approach for users to benchmarks?

Question 12: Do you have views on how references to financial benchmarks should be approached in practice in other regulatory regimes?

Question 13: Do you have views on what FCA guidance may be helpful for informing authorised firms' approach to using non-regulated benchmarks?

Chapter 5
Overseas benchmarks

5.1 Under SABR, only overseas benchmarks and administrators that have been designated under the criteria set out in Chapter 2 would need to comply with an overseas regime in order to be used in the UK. The government expects that most overseas benchmarks would be out of scope. This review will therefore consider the regulatory approach needed for designated overseas benchmarks and administrators.

Background

5.2 The current BMR has three access routes for overseas benchmarks: equivalence, recognition and endorsement.

5.3 Under equivalence, benchmarks regulated in a jurisdiction that has received an equivalence decision from HM Treasury may be included on the FCA register. As of December 2025, the UK has maintained BMR equivalence decisions for Australia, Singapore and the European Economic Area.

5.4 Under the recognition route, an overseas benchmark can be added to the FCA register provided that its administrator applies the IOSCO Principles and that such application is equivalent to compliance with the BMR. The administrator must demonstrate compliance either through an external auditor's assessment or by being subject to supervision in its home jurisdiction. The overseas administrator must also appoint a legal representative within the UK, whether a natural or legal person, who is responsible for the oversight function of the benchmark alongside the administrator and is accountable to the FCA. There must also already be a cooperation agreement in place between the FCA and the relevant authority in the home jurisdiction.

5.5 Lastly, the endorsement route can be used by UK authorised benchmark administrators to endorse any overseas benchmark produced by an overseas entity, provided that the benchmark or family of benchmarks fulfils requirements which are at least as stringent as the requirements of the BMR. This may involve the FCA considering whether compliance with the IOSCO principles for Financial Benchmarks or Oil Price Reporting Agencies (as applicable) is equivalent to meeting the requirements of the current regulation.

5.6 Since the implementation of the BMR in 2018, transitional provisions have been in place to allow supervised users to use benchmarks produced overseas which are not on the FCA register. The transitional provisions were extended to the end of 2030 due to the continuing concerns that enforcing the use of the existing overseas

routes would reduce the number and variety of important benchmarks available in the UK.

5.7 Feedback from industry highlighted that the endorsement and recognition routes pose challenges for benchmark administrators. Stakeholders have expressed concerns that, under the endorsement route, benchmark administrators without a UK-affiliated entity may need to share sensitive information with the endorsing entity. With the recognition route, stakeholders have also asked for greater clarity in relation to the legal representative's function.

Proposal

5.8 Where the designation criteria are met for overseas benchmarks or administrators, it is important that the FCA has the appropriate supervisory oversight and tools to prevent any systemic risks from materialising and to mitigate any market disruption that might occur. The FCA should also have assurance that such benchmarks meet a minimum set of standards and/or are regulated in their home jurisdiction.

5.9 For overseas benchmarks or administrators that require UK designation, the government intends to maintain market access arrangements. As part of the government's program of work to replace equivalence regimes with legislation that is tailored to the UK's needs and fully reflects the government's outcomes-focussed approach to unilateral recognition, the government proposes to create an Overseas Recognition Regime (ORR) to replace the existing equivalence route in the BMR. The ORR would be designed and operated in line with the broader approach taken by the government to ORRs, set out in the Overseas Recognition Regimes Guidance Document.[13] Where a designated overseas benchmark or administrator is already regulated in a jurisdiction with an ORR determination, it would not need to be regulated by the FCA to be provided to UK users.

5.10 Where a designated benchmark is administered in a jurisdiction that does not have an ORR designation from the UK, there are a number of options. The government could maintain the current recognition or endorsement regimes. Alternatively, the overseas administrators could be incorporated into the FCA's approach to international firms for example, by enabling benchmarks to be provided through a UK branch.[14] This approach is currently not available to overseas benchmark administrators given the alternative arrangements in the BMR.

5.11 Under the FCA's approach to international firms, overseas administrators that have been designated would need to either set up an authorised branch or subsidiary in the UK subject to their size and other considerations such as any existing supervisory cooperation

[13] https://www.gov.uk/government/collections/financial-services-overseas-recognition-regimes

[14] https://www.fca.org.uk/publications/our-approach-international-firms.

between the FCA and the relevant home authority. Such firms would be expected to have appropriate non-financial resources including systems, controls and human resources within the UK. In the context of designated benchmarks, this could be adapted so that the UK entity would be responsible for the oversight function of the benchmark alongside the overseas administrator and accountable to the FCA. Where a corporate group has a UK authorised entity, this may be sufficient to enable benchmarks produced by overseas administrators within that group to be provided in the UK.

5.12 Given that few benchmarks and administrators would be subject to a designation, the existing FCA approach for international firms may be sufficient under the new regime to capture all relevant overseas benchmarks. However, there are number of key differences between this approach and existing endorsement and recognition arrangements. As part of this consultation, the government is therefore seeking feedback on whether these are still required.

5.13 Under the endorsement route, a UK authorised entity would have to endorse an overseas designated benchmark. As set out above, where the authorised UK entity and the overseas benchmark administrator are in the same corporate group, this would already be permissible under the FCA's approach to international firms. An 'endorsement' route would only be required where a UK authorised administrator was seeking to endorse a third-party benchmark. Given the low levels of take up of this option under the current regime there is a question as to the value of maintaining endorsement under the new regime.

5.14 Unlike the FCA's approach to international firms, the recognition regime in the BMR requires only a UK legal presence, not a UK authorised person. The recognition regime may not provide the FCA with oversight that is commensurate to the risks posed by a designated benchmark or administrator, where the benchmark is not already regulated and supervised in its own jurisdiction.

5.15 Finally, if a designated overseas administrator, or administrator of a designated benchmark does not comply with the obligations under SABR or benefit from an ORR, the administrator would be in breach of UK law. HM Treasury would ensure that the FCA has appropriate powers to intervene in respect of risks, and to enforce in respect of harms posed by designated overseas benchmarks or administrators (see Chapter 6).

Questions

Question 14: Do you consider that an Overseas Recognition Regime and FCA's approach to international firms are sufficient to ensure continued access for UK users to designated overseas benchmarks?

Question 15: If not, what specifically would the endorsement and recognition routes add, and why is this needed?

Chapter 6

Intervention and wind-down powers

6.1 Under the current regime, the FCA has access to enhanced powers over critical benchmarks, which it can exercise to cater for a range of scenarios that could occur where a critical benchmark might become unrepresentative or cease. This includes powers under Title III's Chapter 4 of the BMR:

- to mandate the administrator of a critical benchmark to continue publishing the benchmark under certain conditions;
- to prohibit some or all "new use" of a critical benchmark where the FCA has completed its assessment of the administrator's plans to cease providing the benchmark;[15]
- to designate a critical benchmark as permanently unrepresentative, resulting in the prohibition of use of that benchmark by supervised entities unless exemptions are granted in specific circumstances, such as a temporary delay of up to four months or permitted legacy use in pre-existing contracts;
- to require the administrator to change the methodology, the code of conduct or other rules of the critical benchmark; and
- to mandate supervised UK and overseas contributors to contribute data to the administrator of a critical benchmark.

6.2 These emergency intervention and wind-down powers were instrumental for the orderly wind-down and transition away from the LIBOR benchmark.

Proposal

Powers over designated benchmarks and administrators

6.3 The government expects that only a small number of important benchmarks will meet the criteria for designation. Where this criteria has been met, it will be important that the FCA has access to an appropriate toolkit to respond where a designated benchmark might

[15] "New use" consists of creating new financial instruments or contracts that reference the benchmark after the prohibition; or using the benchmark in existing contracts, instruments or funds after the prohibition date where the contracts, instruments or funds did not reference the benchmark before the date of the prohibition.

become unrepresentative or where the administrator gives notice that it plans to cease publishing a designated benchmark.

6.4 It is also important that such powers are futureproofed to cater to scenarios which may cause significant market disruption in line with FCA's objectives to protect consumers and protect the integrity of the UK financial system. HM Treasury will therefore consider how these powers may need to be adapted to effectively support the orderly wind-down of all designated benchmarks, not just contributory benchmarks (as LIBOR was) and ensure the FCA is equipped to intervene where appropriate.

6.5 Some of the emergency intervention and wind-down powers are only intended to apply to individual benchmarks. HM Treasury does not envisage a scenario, for example, in which FCA should compel a designated administrator, whose designation is based on it producing a large number of benchmarks, to continue producing all of its benchmarks should it give notice of cessation. However, if that designated administrator also manages a designated benchmark, the FCA may require them to keep publishing the designated benchmark to support an orderly wind-down or until it can be smoothly transferred to another administrator.

6.6 It is not envisaged that the FCA should need access to such powers over benchmark administrators where there has not been a designation.

Powers over users

6.7 The LIBOR transition highlighted the importance of global coordination between regulators to address risks to interconnected markets which may result from the use of particular benchmarks and demonstrated that restricting some or all use of a benchmark can play an important role in ensuring an orderly wind-down of a systemic benchmark.

6.8 HM Treasury proposes that the FCA be equipped to intervene where appropriate to restrict some or all use of designated benchmarks to protect UK market integrity and UK consumers. Such an intervention may also be appropriate where the FCA is seeking to support the wind-down of an overseas benchmark by an overseas administrator or regulator, even if not designated within the UK.

6.9 Where an administrator of a designated benchmark or designated administrator does not comply with the relevant obligations under SABR or where there is evidence of detriment resulting from the use of an undesignated benchmark, the FCA may also consider whether to restrict use of a benchmark by an authorised firm in order to mitigate the risks such a benchmark may pose if they consider it necessary to do so in line with their regulatory objectives.

Questions

Question 16: Do you agree the FCA should continue to have powers similar to the wind-down powers that FCA currently has over critical benchmarks for designated benchmarks? Do you agree that such powers should be adapted so that they are appropriate for the wind-down of any designated benchmark?

Question 17: Do you agree that the FCA should be able to direct authorised firms to restrict some or all use of a benchmark in certain circumstances, for example, where it is being wound down in the UK or abroad?

Question 18: Do you have views on whether the FCA should have powers to intervene where a designated administrator gives notice of cessation, for example to mandate continued publication of all its benchmarks?

Question 19: Do you think any other changes could be made to the FCA's existing wind-down powers to make them more effective under the proposed regime?

Chapter 7

Responding to this consultation

7.1 This consultation sets out a proposed approach to replace the Benchmarks Regulation with an entirely new benchmarks regime, which only regulates those benchmarks or benchmark administrators that have been designated by HM Treasury.

7.2 This consultation will remain open for 12 weeks and will close on 11 March 2026. Please send responses to MarketConduct@hmtreasury.gov.uk.

7.3 The government will continue to work with the FCA to consider its approach to regulating benchmarks. The government will carefully consider responses, which will be important for informing policy development. Based on the responses received, the illustrative proposal in this paper may change and the government may seek further engagement from stakeholders to inform its proposals.

Processing of personal data

7.4 This section sets out how we will use your personal data and explains your relevant rights under the UK General Data Protection Regulation (UK GDPR). For the purposes of the UK GDPR, HM Treasury is the data controller for any personal data you provide in response to this consultation.

Data subjects

7.5 The personal data we will collect relates to individuals responding to this consultation. These responses will come from a wide group of stakeholders with knowledge of a particular issue.

The personal data we collect

7.6 The personal data will be collected directly from data subjects through voluntary email submissions and are likely to include respondents' names, email addresses, job titles and opinions.

How we will use the personal data

7.7 This personal data will only be processed for the purpose of obtaining opinions about government policies, proposals, or an issue of public interest.

7.8 Processing of this personal data is necessary to help us understand who has responded to this consultation and, in some cases, contact respondents to discuss their response.

7.9 HM Treasury will not include any personal data when publishing its response to this consultation.

Lawful basis for processing the personal data

7.10 The lawful basis we are relying on to process the personal data is Article 6(1)(e) of the UK GDPR; the processing is necessary for the performance of a task we are carrying out in the public interest. This task is consulting on the development of departmental policies or proposals to help us to develop effective government policies.

Who will have access to the personal data

7.11 The personal data will only be made available to those with a legitimate business need to see it as part of consultation process.

7.12 The policy is being designed in partnership with the Financial Conduct Authority. Personal data received from respondents will therefore be shared with the Financial Conduct Authority in order for them to understand the consultation responses.

7.13 As the personal data is stored on our IT infrastructure, it will be accessible to our IT service providers. They will only process this data for our purposes and in fulfilment with the contractual obligations they have with us.

How long we hold the personal data for

7.14 We will retain the personal data until work on the consultation is complete and no longer needed.

Your data protection rights

7.15 Relevant rights, in relation to this activity are to:

- request information about how we process your personal data and request a copy of it
- object to the processing of your personal data
- request that any inaccuracies in your personal data are rectified without delay
- request that your personal data are erased if there is no longer a justification for them to be processed
- complain to the Information Commissioner's Office if you are unhappy with the way in which we have processed your personal data

How to submit a data subject access request (DSAR)

7.16 To request access to your personal data that HM Treasury holds, please email: dsar@hmtreasury.gov.uk

Complaints

7.17 If you have concerns about Treasury's use of your personal data, please contact our Data Protection Officer (DPO) in the first instance at: privacy@hmtreasury.gov.uk

7.18 If we are unable to address your concerns to your satisfaction, you can make a complaint to the Information Commissioner at casework@ico.org.uk or via this website: https://ico.org.uk/make-a-complaint.

HM Treasury contacts

This document can be downloaded from www.gov.uk

If you require this information in an alternative format or have general enquiries about HM Treasury and its work, contact:

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