

HIGH LEVEL WRITTEN CONTINGENCY PLANS AS PER ARTICLE 28(2) OF EUROPEAN BENCHMARK REGULATION 2016/1011: IN CASE OF BENCHMARK MATERIAL CHANGE OR CESSATION

Being a European supervised entity and a user of benchmarks, Credit Agricole CIB must comply with the requirements introduced by EU BMR (European Benchmark Regulation) in Article 28(2).

*The Article 28(2) of EU BMR states that “supervised entities other than an administrator that use a benchmark shall produce and maintain robust written plans setting out the actions that they would take in the event that a benchmark **materially changes or ceases to be provided**”.*

The written contingency plans are produced to set out the actions Credit Agricole CIB would take in the event that a benchmark:

- **materially changes** (for instance where the administrator of a benchmark has notified the users of any material change in the methodology of determination of the benchmark including a definition of what constitutes a material change Article 13 (1) of EU BMR);
- **ceases to exist or to be published by its administrator** (Article 28(2) of EU BMR);
- **is no longer authorized** following the withdrawal or suspension of the authorization or registration of an administrator (Article 35(4) of EU BMR).

As clarified in ESMA Q&A (Q8.6), the temporary disruption to the provision of a benchmark does not constitute a cessation of the benchmark and would not trigger the initiation of the contingency plan established pursuant to Article 28 (2) of the BMR.

CACIB organizes watch and warning arrangements to identify the events triggering the activation of these written plans. Hence, in the event that a material change or cessation of a benchmark is detected:

- the information will be immediately communicated to all concerned functions within the bank through the dedicated communication channel
- the materiality of the impact will be assessed
- depending on the materiality of the impact, a set of actions would be taken by the different departments of Credit Agricole CIB.

Those actions (described here below) can be performed simultaneously or not, without any particular order or limitation:

- Carry out the inventory of the exposures to the benchmark;
- Verify the legal fallback clauses used the contractual documentation as well as the assessment of the appropriate legal transition strategy;
- Liaise with the Competent Authorities and relevant market associations to seek guidance about the suitable recommended replacement benchmark;
- Identify the suitable alternative benchmark as a replacement rate as well as the potential exemptions and limitations of usage;

- Communicate with the clients about the event and the roadmap for the transition to an alternative benchmark;
- Communicate internally the roadmap of the transition to the alternative benchmark;
- Feed all internal information systems with the alternative benchmark for valuation, accounting, operations purposes;
- Assess all the risks triggered by the material change or cessation of the benchmark (legal, regulatory, market, financial...);
- Develop and launch new products which will use the alternative benchmark;
- Switch all legacy exposures to the alternative benchmark;
- Update the processes, the information systems and operational procedures if necessary.

As a reminder, this publication provides only general information about Credit Agricole CIB compliance with BMR Article 28(2) regulatory requirement. Credit Agricole CIB maintains detailed and robust internal written contingency plans. They are available to clients upon request.

This document as well as the internal written contingency plans may be updated without prior notice and especially in the event that the regulation is amended or in any other case where adjustments need to be provided.

This document is available to customers on CACIB's website.