

## **CONTINGENCY PLANS IN CASE OF BENCHMARK EVENT**

### **(MATERIAL CHANGE OR CESSATION)**

### **UNDER ARTICLE 28(2) OF BENCHMARK REGULATION**

The following disclosure (the "**Disclosure**") has been prepared to comply with the Benchmark Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds as may be amended from time to time (the "**BMR Regulation**").

In accordance with Article 28(2) of BMR Regulation, this Disclosure is published to explain the regulatory requirements applicable to Banque Fédérative du Crédit Mutuel and the measures it would take in the event that a benchmark materially changes or ceases to be provided.

Consequently, this document constitutes a summary of Banque Fédérative du Crédit Mutuel's robust written plans. As such, it describes the measures that Banque Fédérative du Crédit Mutuel will implement in the event that one of the benchmarks used:

- undergoes a material change (for example, notably any material change of the formula or calculation method of the benchmark); or
- ceases to exist or be published by its administrator (temporarily or permanently); or
- ceases to be authorised due to the withdrawal or suspension of the approval or registration of its administrator in accordance with Article 35(4) of the BMR Regulation (individually a "**benchmark event**", collectively "**benchmark events**").

Banque Fédérative du Crédit Mutuel operates on the IT platform of Crédit Mutuel Alliance Fédérale. Therefore, the procedures implemented in the event of benchmark events described below are based on those in place within Crédit Mutuel Alliance Fédérale.

## **Regulatory framework**

To enhance transparency and reliability, the European Union deemed it necessary to strengthen the regulation applicable to financial benchmarks by enacting the BMR Regulation, which allows, in particular:

- preserving the integrity and confidence of financial markets in benchmarks; and
- protecting savers, investors, and consumers who may be economically exposed to the performance of a benchmark.

Among other things, the BMR Regulation requires "supervised entities" to use benchmarks provided by administrators registered or authorized within the European Union (or if they are not located within the European Union, subject to an equivalent regime, or otherwise recognized or endorsed).

The BMR Regulation was subsequently amended by Regulation (EU) 2021/168 of February 10, 2021. This amending regulation grants:

- the European Commission; or
- any competent national authority,

the right to designate a replacement benchmark for certain benchmarks. However, such replacement is limited to contracts and financial instruments that (a) reference a benchmark that is being wound down or in cessation, (b) are subject to the law of an European Union member state (except for certain contracts and financial instruments subject to the law of a third country but where all counterparties are established in the European Union), (c) were entered into before the relevant replacement date, (d) do not contain fallback provisions or appropriate fallback provisions, and (e) cannot be renegotiated before the cessation date of the relevant benchmark.

Under Article 28(2) of the BMR Regulation, supervised entities using benchmarks have an obligation to produce and maintain robust written plans describing the actions they would take in the event of a benchmark material change or cessation.

In this respect, supervised entities include credit institutions, and therefore, Banque Fédérative du Crédit Mutuel, as a benchmarks user within the European Economic Area.

Banque Fédérative du Crédit Mutuel, as a supervised entity and benchmarks user, must produce and maintain these robust written plans.

## Benchmark material change or cessation procedure

As soon as a benchmark used by Banque Fédérative du Crédit Mutuel is affected by a material change, a permanent cessation or the removal of its administrator from the relevant registers, different steps are taken to anticipate and prepare for the benchmark event in accordance with the following procedure:

- **Step 1:** organisation and preparation of the transition;
- **Step 2:** development and implementation of the transition action plan

### Step 1: organisation and preparation of the transition

As Banque Fédérative du Crédit Mutuel uses Crédit Mutuel Alliance Fédérale's IT system to manage the transition, it will be part of the project governance set up by Crédit Mutuel Alliance Fédérale (hereinafter referred to as the "**Committee** ").

The various business lines and departments will be represented.

As a first step, the Committee will identify and map the action plan perimeter by listing entities that use the relevant benchmark. It also identifies the entities that use the changed or discontinued benchmark for other purposes (collateral, risk, accounting, treasury, loans, other, etc.).

Then, the Committee will conduct a qualitative and quantitative assessment to determine the scope of use of the relevant benchmark, including an inventory of the number of agreements affected, as well as the related financial products and transactions.

## **Step 2: development and implementation of the transition action plan**

Secondly, the Committee defines a transition strategy allowing it to prepare for the benchmark event. This transition strategy takes into account the need to:

- cease (immediately or temporarily) all use of and reference to a benchmark that no longer complies with regulatory requirements;
- adapt any reference to a benchmark that undergoes a substantial change.

To this end, Banque Fédérative du Crédit Mutuel shall identify, monitor and then specify/designate the new replacement benchmark(s) which will replace the impacted benchmark.

To achieve this, Banque Fédérative du Crédit Mutuel will give priority to the fallback provisions included in the affected agreements. Otherwise, Banque Fédérative du Crédit Mutuel may rely on:

- any statutory replacement arrangements;
- the recommendations of regulators and competent authorities; or
- the work of relevant industry associations.

Depending on the strategy adopted, the Committee will then deal with the challenges of the transition by covering its various commercial, legal, financial, accounting, IT and organisational aspects.

## **Implementation**

Transition plan stakeholders will be designated and referenced in each of the Committee's working groups.

They will launch the necessary actions defined by the project governance.

Regular meetings will be held to monitor the implementation of the plan, and audit trails will be set up.

## Review and availability of the action plan

Any written plan could be updated when Banque Fédérative du Crédit Mutuel decides that it is appropriate to do so, in particular to reflect regulatory changes or solutions adopted by the industry.

Finally, Banque Fédérative du Crédit Mutuel will make its written plans available, on request, to any relevant competent authority.

This Disclosure only provides general information.

It is not necessarily exhaustive and is not intended to replace individual, legal or other advice.

Like the procedure it describes, this Disclosure is subject to subsequent changes without prior notice in the event of an amendment to the BMR Regulation or when adjustments are deemed necessary.