

## Public consultation by the working group on euro risk-free rates on EURIBOR fallback trigger events

### Response form

Please enter all your feedback in the grey coloured cells of this form using the drop-down menus where appropriate (i.e. where choices are provided and highlighted in the question in bold).

Please send your response to [EuroRFR@ecb.europa.eu](mailto:EuroRFR@ecb.europa.eu) by 17:00 CET on 15 January 2021.

Institution/Company name:	BNP PARIBAS
Type of respondent:	Credit Institution
Country code:	FR

Please note that the European Central Bank (ECB) and the European Securities and Markets Authority (ESMA) will evaluate all the responses and prepare an anonymised summary of the feedback. Individual feedback will not be published, and will only be shared between the ECB, as secretariat of the working group on euro risk-free rates, and ESMA, as secretariat of the subgroup on contractual robustness.

Question number	Question	Reply
1	Do you agree with the inclusion of "Event 1" as a trigger event in EURIBOR fallback provisions? (yes / no / no opinion)  Event 1: A public statement or publication of information by or on behalf of the regulatory supervisor of the EURIBOR administrator stating that said administrator has ceased or will cease to provide EURIBOR permanently or indefinitely provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide EURIBOR.	Yes
	Please elaborate.	This Event 1 is a public statement and public determination from FSMA (or later on from ESMA) and in line with ISDA recommendations and ARCC views. However, the inclusion of such event should only be triggered after all available mandatory measures to maintain a proper administration of the Benchmark (i.e.: where all mandatory strings/provisions as envisaged in the BMR to keep alive the index, cf. article 21 of BMR on mandatory administration) have been exhausted.
2	Do you agree with the inclusion of "Event 2" as a trigger event in EURIBOR fallback provisions? (yes / no / no opinion)  Event 2: A public statement or publication of information by or on behalf of the EURIBOR administrator stating that said administrator has ceased or will cease to provide EURIBOR permanently or indefinitely provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide EURIBOR.	Yes

	<b>Please elaborate.</b>	This event 2 is very similar to event 1, the sole difference is that the public statement is issued by the administrator of the benchmark itself (i.e. EMMI). We take here a similar view as the one taken above for event 1, also considering that such trigger event, as described, is currently contemplated by BMR and aligned with ARCC and ISDA proposals on permanent cessation triggers.
3	Do you agree with the inclusion of "Event 3" as a trigger event in EURIBOR fallback provisions? (yes / no / no opinion)  Event 3: An official public statement by or on behalf of the supervisor of the EURIBOR administrator that, in its view, EURIBOR is no longer representative, or will no longer be representative, of the underlying market it purports to measure and no action to remediate such a situation is taken or expected to be taken as required by the supervisor of the EURIBOR administrator.	No
	<b>Please elaborate.</b>	The topic of pre cessation triggers has been greatly debated with the EU Commission and ESMA. Since BMR does not allow to use it and its inclusion could cause confusion among market participants we consider that such event should not trigger fallbacks. What will be triggered, if such a statement is taken, is a limited period of time that will be dedicated to the transition away from the benchmark that will be discontinued at the term of this period. Considering such a statement as a fallback trigger would prevent any orderly transition. Fallback should only apply from the actual moment of permanent discontinuation
4	Do you agree with the proposal of <u>not</u> including the "Event 4" as a trigger event in EURIBOR fallback provisions? (yes / no / no opinion)  Event 4: The EURIBOR administrator determines that EURIBOR should be calculated in accordance with its reduced submissions or other contingency or fallback policies.	Yes
	<b>Please elaborate.</b>	As written, this Event 4 means that the administrator of the Euribor has determined that irrespective the reduced submission, the EURIBOR remains BMR compliant and as such still representative of the underlying interests measured. There is therefore no argument to trigger the fallbacks.
5	Do you agree with the inclusion of "Event 5" as a trigger event in EURIBOR fallback provisions? (yes / no / no opinion)  Event 5: It has become, for any reason, unlawful under any law or regulation applicable to relevant parties to the agreement to use EURIBOR.	Yes
	<b>Please elaborate.</b>	If the use of the EURIBOR is unlawful for one party to an agreement, this should trigger fallback plan. Such an Event should be properly framed and the grounds of such unlawfulness should be carefully explained and analysed by a duly authorised authority. A statement by a competent authority should in all circumstances be issued to use it as a triggering event.

6	<p>Do you agree with the inclusion of "Event 6" as a trigger event in EURIBOR fallback provisions? (yes / no / no opinion)</p> <p>Event 6: EURIBOR is permanently no longer published without a previous official announcement by the competent authority or the administrator.</p>	No opinion
	Please elaborate.	We do not see the benefit of inserting situations that do not have a single chance to occur. But we understand as a matter of policy – i.e. : in an attempt to render the fallback approach even more comprehensive – that this trigger event could be recommended by the WG.
7	<p>Do you agree that the inclusion of a material change in EURIBOR methodology (as defined by the EMMI) should <u>not</u> result in an automatic trigger event and parties are free to agree when entering into the contract that either (i) references in contracts to EURIBOR shall be understood to be references to EURIBOR as changed, or (ii) discuss between parties to continue the contract with the materially changed EURIBOR or to fall back to the EURIBOR fallback rates included in the contract? (yes / no / no opinion)</p> <p>Event 7: Material change is made to EURIBOR methodology.</p>	Yes
	Please elaborate.	In our opinion, a material change to the EURIBOR methodology duly validated by supervisors and index administrators board members should not trigger the fallback. This is the approach that had been taken in the context of the hybrid methodology and we think this should remain valid. As long as the EURIBOR still measures the economic reality of the market, no fallback should automatically be triggered. Our view is that a change in methodology of EURIBOR should not amount to a triggering event and should therefore not give rise to triggering contractual fallbacks if the contractual balance is not altered.
	Should all asset classes have the same fallback trigger events, to the extent possible? (yes / no / no opinion)	Yes
8	Please elaborate.	There is certainly a real consistency in aligning the approaches on the matter through the full game/range of asset classes concerned. As of today, we are broadly aligned with the triggers generally advanced by professional associations, to the extent they comply with the BMR. The fallbacks approach as introduced here by the ECB RFRs WG does broadly align now with the ISDA IBOR fallback supplement and protocol with effect to incorporate these fallbacks as extensively as possible into new transactions.