

October 28th 2021

Consultation on proposed amendments to the methodology of certain Credit Suisse International indices in connection with LIBOR and EONIA discontinuation

LIBOR and EONIA Replacement Consultation #5: Equity Option and Dividend Future Based Indices

This document is addressed to relevant users and stakeholders and is published by Credit Suisse International (“**CSI**”) as the administrator of the CSI indices listed in Schedule 1 (the “**Benchmarks**”), and supersedes the prior notice with the same title dated October 27th 2021.

In light of the upcoming discontinuation of the London Inter-bank Offered Rate (“**LIBOR**”) and the Euro Overnight Index Average (“**EONIA**”), as further described in “*Background to the Consultation*” below, and since the methodology of the Benchmarks currently incorporates references to LIBOR and/or EONIA, CSI, acting through its Benchmark Governance Committee, is consulting on its proposed amendments to the methodology of the Benchmarks (the “**Consultation**”).

The aim of this Consultation is to provide users and stakeholders with: (i) applicable background; (ii) clear information on the proposed amendments; and (iii) practical information on responding to the Consultation and next steps.

If you do not understand the contents of this notice or are unsure how this affects you, you should consult an appropriate professional adviser.

Background to the Consultation

LIBOR

LIBOR is the benchmark of the interest rates at which major banks lend to each other in the interbank market. It is published in five currencies (US Dollar, Euro, British Pound, Japanese Yen, and Swiss Franc), administered by ICE Benchmark Administration Limited and regulated by the UK’s Financial Conduct Authority (“**FCA**”).

On 5 March 2021, the FCA published an announcement on the future cessation or loss of representativeness of the LIBORs¹, confirming that:

- publication of all tenors of euro LIBOR, Swiss franc LIBOR, Japanese yen LIBOR, Sterling LIBOR, and the 1-week and 2-month USD LIBOR tenors would cease to be provided or would no longer be representative immediately after 31 December 2021; and
- publication of all other USD LIBOR tenors would cease to be provided or would no longer be representative immediately after 30 June 2023.

In response to the Financial Stability Board recommendation of the development and adoption of alternative nearly risk-free rates, the following alternatives have been proposed:

LIBOR Currency	Proposed Replacement Rate
USD	Secured Overnight Financing Rate (“ SOFR ”)

¹ Available here: <https://www.fca.org.uk/publication/documents/future-cessation-loss-representativeness-libor-benchmarks.pdf>

GBP	Sterling Overnight Index Average (“ SONIA ”)
EUR	Euro Short-Term Rate (“ €STR ”)
CHF	Swiss Average Rate Overnight (“ SARON ”)
JPY	Tokyo Overnight Average Rate (“ TONAR ”)

Where changing from a term reference rate to an overnight reference rate would have an impact on an instrument referencing such rate, a spread may be applied to address such impact. In the case of LIBORs, the International Swaps and Derivatives Association, Inc (“**ISDA**”) has applied spreads in the LIBOR fallbacks contained in the 2006 ISDA Definitions, calculated using a historical median approach over a five-year lookback period from the date of an announcement on cessation or non-representativeness, and incorporate differences in tenor, credit risk premium and other factors.

EONIA

On 2 October 2019 the methodology of calculating EONIA, the rate at which banks of sound financial standing in the European Union and European Free Trade Area lend Euro-denominated funds in the interbank market, was amended to be the Euro Short-Term Rate plus a spread of 0.085 per cent, based on the methodology recommended by the working group (established by the ECB, European Securities and Markets Authority, the European Commission and the Belgian Financial Services and Markets Authority) on euro risk-free rates. The European Money Markets Institute has announced that it will cease publication of EONIA on 3 January 2022.

Proposed amendments to the methodology of the Benchmarks

In the context of the above, CSI, as administrator of each of the Benchmarks proposes the following amendments. The purpose of these amendments is to replace Benchmark inputs which are based on LIBOR or EONIA with suitable alternative inputs.

A – Calculation of the cash component

Currently, EONIA is used to calculate the cash component of EUR-denominated Benchmarks. It is proposed that, with effect from 3 January 2022, each reference to EONIA in respect of any date in the provisions of the index rules relating to calculation of the cash component or a formulaic FX hedge will be amended to the euro short term rate (€STR) provided by the European Central Bank as administrator of the benchmark (or a successor administrator) on the ECB’s Website in respect of such date, plus a spread of 0.085%.

B – Discount Rates – Change in reference rates used in the Credit Suisse Listed Option Interpolations Rules

Section 2 of the Credit Suisse Listed Option Interpolations Rules details the calculation of the discount rates used in the calculation of the transaction costs applicable to the Benchmarks.

It is proposed that the Credit Suisse Listed Option Interpolations Rules will be amended such that, with effect from 3 January 2022 Table 1 in Section 2 will be replaced with the following:

Table 1: Rates¹

	USD	EUR	GBP	CHF
One-day	SOFRRATE	ESTRON	SONIO/N	SSARON
One-day maturity	1	1	1	1
Three-months	The par rate for 3-months Interest Rate	The par rate for 3-months Interest Rate	The par rate for 3-months Interest Rate	The par rate for 3-months Interest Rate

	Swap as set out on Reuters page USDSROIS=TRDL at 11am NY time	Swap as set out on Reuters page EURESTOIS=ICAP at 11am London time	Swap as set out on Reuters page GBPOISF11=ICAP at 11am London time	Swap as set out on Reuters page CHFOIS=ICAP at 11am London time
Three-months maturity	90	90	90	90
One-year	The par rate for 1-year Interest Rate Swap as set out on Reuters page USDSROIS=TRDL at 11am NY time	The par rate for 1-year Interest Rate Swap as set out on Reuters page EURESTOIS=ICAP at 11am London time	The par rate for 1-year Interest Rate Swap as set out on Reuters page GBPOISF11=ICAP at 11am London time	The par rate for 1-year Interest Rate Swap as set out on Reuters page CHFOIS=ICAP at 11am London time
One-year maturity	360	360	365	365

1: Each discount rate set out in Table 1 is the respective discount rate as published, announced, displayed, reported or disseminated by the relevant data provider or data source chosen by Credit Suisse International (as the sponsor and administrator of the Underlying Indices) and recorded in its internal database as the source from which Credit Suisse International collects input data for the purposes of the Underlying Indices.

Consultation process

In order to take into account the views of users and stakeholders, CSI, as administrator of each of the Benchmarks, is conducting this Consultation on the proposed amendments. The Consultation opens on Wednesday 27 October 2021 and will run until close of business in New York on Tuesday 30 November 2021 (the “**Consultation Period**”).

Within the Consultation Period, users and stakeholders are invited to send any feedback or comments on this Consultation to: list.qis-consultation@credit-suisse.com.

This Notice and any relevant updates relating to the Consultation will be made available here: <https://www.credit-suisse.com/uk/en/investment-banking/financial-regulatory/customer-notices.html?a=32>

Exiting positions or products prior to the implementation of any amendments

Users or stakeholders who wish to exit a position or product referencing a Benchmark prior to the implementation of any amendments should contact CSI via their usual contact or via email addressed to list.qis-consultation@credit-suisse.com.

SCHEDULE 1

IMPACTED BENCHMARKS AND TICKERS

Index Name	Bloomberg Ticker
Credit Suisse 103% EU Call Writing TR Index	CSEAECT
Credit Suisse 103% EU Call Writing ER Index	CSEAECE
Credit Suisse 103% EU Call Writing Notional TR Index	CSEACNT
Credit Suisse 103% EU Call Writing Notional ER Index	CSEACNE
Credit Suisse 90% EU Put Purchasing TR Index	CSEAEPT
Credit Suisse 90% EU Put Purchasing ER Index	CSEAEPE
Credit Suisse 90% EU Put Purchasing Notional TR Index	CSEAPNT
Credit Suisse 90% EU Put Purchasing Notional ER Index	CSEAPNE
Credit Suisse EU Enhanced Collar TR Index	CSEAEET
Credit Suisse EU Enhanced Collar ER Index	CSEAEEE
Credit Suisse EU Enhanced Collar Notional TR Index	CSEAEENT
Credit Suisse EU Enhanced Collar Notional ER Index	CSEAEENE
Credit Suisse EU Equity with Enhanced Collar Overlay TR Index	CSEAEET
Credit Suisse EU Equity with Enhanced Collar Overlay ER Index	CSEAEENE
Credit Suisse EU Equity Enhanced Call Writing TR Index	CSEACET
Credit Suisse EU Equity Enhanced Call Writing ER Index	CSEACEE
Credit Suisse EU 95% Put Writing Series I TR Index	CSEAPWT
Credit Suisse EU 95% Put Writing Series I Excess Return Index	CSEAPWE
Credit Suisse EU Short Strangle Series I TR Index	CSEAESIT
Credit Suisse EU Short Strangle Series I ER Index	CSEAESIE
Credit Suisse EA Short Strangle S1 TR Index	CSEASSIT
Credit Suisse EA Short Strangle S1 ER Index	CSEASSIE
Credit Suisse EU 100% Put Purchasing Custom F EUR TR Index	CSEAPCFT
Credit Suisse EU 100% Put Purchasing Custom F EUR ER Index	CSEAPCFE
Credit Suisse EU 90% Put Purchasing EUR TR Index	CSEAPPET
Credit Suisse EU 90% Put Purchasing EUR ER Index	CSEAPPEE
Credit Suisse 103% SW Call Writing TR Index	CSEACCT
Credit Suisse 103% SW Call Writing Notional TR Index	CSEACNT
Credit Suisse 90% SW Put Purchasing TR Index	CSEACPT
Credit Suisse 90% SW Put Purchasing Notional TR Index	CSEACPNT
Credit Suisse SW Enhanced Collar TR Index	CSEACET
Credit Suisse SW Enhanced Collar Notional TR Index	CSEACENT
Credit Suisse SW Equity Enhanced Call Writing TR Index	CSEACCET
Credit Suisse SW Short Strangle S1 TR Index	CSEACSIT
Credit Suisse 103% US Call Writing TR Index	CSEAUCT
Credit Suisse 103% US Call Writing Notional TR Index	CSEAUCNT
Credit Suisse 90% US Put Purchasing TR Index	CSEAUPT
Credit Suisse 90% US Put Purchasing Notional TR Index	CSEAUPTNT
Credit Suisse US Enhanced Collar TR Index	CSEAUET

Credit Suisse US Enhanced Collar Notional TR Index	CSEAUEENT
Credit Suisse US Equity with Enhanced Collar Overlay TR Index	CSEAUEET
Credit Suisse US Equity Enhanced Call Writing TR Index	CSEAUCET
Credit Suisse US 97% Put Writing Series I TR Index	CSEAUPWT
Credit Suisse US Short Strangle Series I TR Index	CSEAU SIT
Credit Suisse UK Enhanced Call Writing Overlay TR Index	CSEAKCET
CS Long Volatility Tail Hedge TR Index	CSLVTHUT
Credit Suisse Long Volatility Tail Hedge TR Index (V1.5)	CSLVTH2T
Credit Suisse Dynamic Put Spread TR Index	CSEADPUT
Credit Suisse Dynamic Put Spread Intraday TR Index	CSEADP2T
Credit Suisse EU Call Overwriting Series A Index	CSEAE CAT
Credit Suisse EU Call Overwriting Series A ER Index	CSEAE CAE
Credit Suisse 5x Leveraged EUR WAVES Series B Index TR	CSEAWA5E
Credit Suisse VRP Series EWSA Index	CSVPEWSA
Credit Suisse VRP Series EWSB Index	CSVPEWSB
Credit Suisse VRP Series EWSC Index	CSVPEWSC
CS VRP Series EWSD Index	CSVPEWSD
Credit Suisse VRP Series EWSE Index	CSVPEWSE
Credit Suisse VRP Term-Structure Series ETSA Index	CSVPETSA
Credit Suisse VRP Term-Structure Series ETSB Index	CSVPETSB
Credit Suisse VRP Term-Structure Series ETSC Index	CSVPETSC
Credit Suisse Equity Hedge Index on EuroStoxx 50 ER	CSEAEHEE
Credit Suisse Dividend Alpha TR Index	CSEADIVA
Credit Suisse Dividend Alpha NH 2 EUR TR Index	CSEADNET
Credit Suisse SW Equity with Enhanced Collar Overlay TR Index	CSEACEET