Benchmark Change, Cessation and Consultation
Procedural Document

Summary

In respect of all benchmarks administered by Credit Suisse International

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Background and Purpose of the Procedural Document

Credit Suisse International (“CS”) administers a universe of indices (including ‘benchmarks’ as defined under the EU Benchmark Regulation (“BMR”)) across multiple asset classes. The objective of this document is to capture the process when either making changes to, or terminating existing benchmarks administered by CS – all of which have been formally approved by the Benchmark Governance Committee (“BGC”) sitting within CS. The BGC is also subject to oversight from an independent Benchmark Oversight Committee, in accordance with BMR.

Benchmark Change Process:

Changes to existing benchmarks could be required for a number of reasons and these can include: (i) specific market or general disruption events which directly or indirectly affect a benchmark or its respective components, (ii) regulatory changes, and (iii) CS identifying alternative operational arrangements for relevant benchmarks.

Should a change process be triggered, the BGC will determine whether the proposed change is material. A proposed change can be determined by the BGC to be material based on (but not restricted to) factors such as: (i) the impact of the proposed change to the objective of the benchmark, (ii) the impact of the proposed change on the performance of the benchmark, (iii) the impact of the proposed change on current users of the benchmark, (iv) the impact of the proposed change to the wider financial market and (v) the impact of the proposed change to the relevant components of the benchmark, the type of input data used and the source of input data, and, in each case, such determination by the BGC is to be made at the time the relevant change(s) are proposed and in light of the current methodology / rulebook for the relevant benchmark.

Any proposed change(s) to the relevant benchmark will become formal and effective once the updated methodology / rulebook is approved by the BGC. Where applicable, CS will also update the respective benchmark family statement as a result of changes to a benchmark and notify the FCA of any such changes to the benchmark statement.

Benchmark Cessation Process:

Cessation of a benchmark could be required for a number of reasons and these can include: (i) regulatory changes, (ii) reduction in the liquidity of any components that make up a relevant benchmark, (iii) input data no longer being available to calculate the relevant benchmark, (iv) operational issues affecting the relevant benchmark or any components that make up such benchmark (e.g. regular pricing disruption events), (v) market environment changes result in the relevant benchmark no longer meeting users or stakeholders’ requirements, (vi) absence of users, or (vii) where the administrator believes that such benchmark no longer measures the underlying economic reality / asset class the benchmark methodology seeks to measure.

Any cessation of a benchmark will require approval by the BGC – which will take into account factors such as whether there are still users of the relevant benchmark, whether there is any third party involvement and if applicable, the results of any consultation process.

If applicable, CS will also update the respective benchmark family statement as a result of a cessation of a benchmark and notify the FCA of any such changes to the benchmark statement.

Consultation Process:

As part of the benchmark change or cessation process, a separate user consultation process will be triggered where: (i) any proposed change to a benchmark is determined to be material (in accordance with the Benchmark Change Process above), (ii) where the BGC determines that a separate user consultation process is required in connection with non-material changes or cessation to a relevant benchmark. In making its determination for a separate user consultation process to be triggered under limb (ii), the BGC can have regard to guidelines and principles such as the FCA’s Principles for businesses, the FCA’s Individual Conduct Rules and Credit Suisse’s internal Conduct and Ethics Standards.
The objective of the consultation process is to ensure that there is clear communication of the proposed change(s) or cessation, and the rationale for such change(s) or cessation to impacted users of a relevant benchmark. The consultation process also gives impacted users an opportunity to ask questions or provide their comments to CS in response to the proposed change(s) or cessation of a CS administered benchmark.