

Work stream #3: High Level Roadmap

Working Group of Euro Risk Free Rates

Frankfurt, April 20th 2018

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1. Objectives of the Work Stream #3

Work stream #3 aims at identifying best practices for contract robustness and develop an adoption plan for legacy contracts referencing existing benchmarks.

Our purpose is to provide the maximum legal certainty to benchmark users

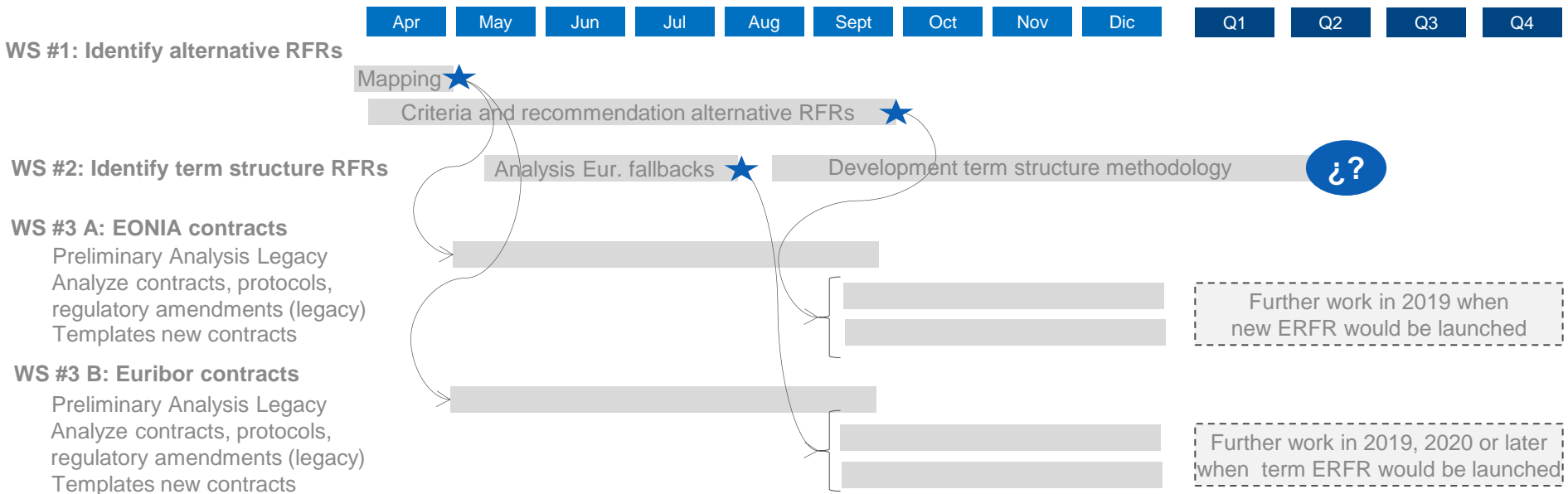
1. Analyzing **the legal risks and impact** to embed RFR (and term structure) in legacy and new contracts, **based on the initial legal mapping framework** identified in work stream #1.
2. Ensuring **the continuity of legacy contracts and consumer protection interest**.
3. Defining a path to **amend legal frameworks** (including through bilateral documentation, multilateral protocols and legislation) to embed EONIA replacement, to embed EURIBOR fallback and define a transition plan **in legacy contracts**.
4. Promoting the **introduction of identified RFR (and term structures) in new contracts** through documentation and templates, fallbacks and, where appropriate, through legislation.
5. Promoting the proposals for amendments including through **clear and timely communication to the public**.

Scope



Legacy and new contracts for **ALL PRODUCTS**

2. High-Level Working Plan



Deliverables

- End Q3 2018 → Report on legal analysis by asset class and country. A preliminary draft report will be presented in mid-July.
- End Q3 2018 → Present action plan Eonia replacement and Euribor fallback.
- End Q4 2018 → Recommendation on contract, protocols and regulatory amendment.
- In 2019 → Review recommendations to embed Eonia replacement, once RFR would be available.
- In 2019 or later → Review recommendation to embed Euribor fallback, once term RFR would be available.

3. Preliminary Analysis Legacy contracts – Task to be done by end Q3 2018

▪ **Tasks to be done by end Q3 2018:**

- **Deep dive analysis** of the preliminary legal mapping done in WS #1. More information or an additional questionnaire could be developed, if needed. This analysis would be done by asset class.

- ✓ Outcome: Report on legal analysis

- **Identify possible options** to embed Eonia replacement in legacy contracts:

- ✓ Contract amendments
- ✓ Protocol amendments
- ✓ Regulatory amendments (national or European)

- **Identify possible options** to embed Euribor fallback in legacy contracts:

- ✓ Contract amendments
- ✓ Protocol amendments
- ✓ Regulatory amendments (national or European)
- ✓ Impact of hybrid methodology

Identify risks and opportunities

- **Select the best options** to embed Eonia replacement and Euribor fallback in legacy contracts

- ✓ Outcome: Report action plan Eonia replacement and Euribor fallback: alternatives and best options

- **Submit the proposal** to the Working Group on Euro Risk-Free Rate

- BBVA will take the lead of the deep dive analysis. Then bank A will take the lead to Eonia replacement options and bank B will take the lead to Euribor fallback. Legal advisors may be appointed.

4. Detailed working plan until end-July

Date	Action	In charge
12 April	Kick off Conference call	Chair
20 April	Working Group Meeting - Present the working plan	Chair
1st week May	Conference Call WS #3 - Conference call about the legal mapping and next steps	WS #3
17 May	Working Group Meeting - Update on deep dive legal analysis	Chair
4th week May	Conference Call WS #3 - 1st Conference call on legal deep dive analysys	WS #3
4th week June	Conference Call WS #3 - 2st Conference call on legal deep dive analysys	WS #3
11 July	Working Group Meeting - Present a preliminary report on legal analysis	Chair
4th week July	Conference Call WS #3 - 3st Conference call on legal deep dive analysys	WS #3