UK Benchmarks Regulation

Benchmark Statement

In respect of the

Credit Suisse International: Non Linear Equities Family of Benchmarks

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Introduction

Credit Suisse International ("**CS**") administers a number of indices that it considers to be "benchmarks" within the scope of Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "**EU BMR**") as it forms part of the domestic law of the United Kingdom (the "UK **BMR**").

CS has grouped the benchmarks that it administers into a number of "families" for the purposes of applying certain provisions of the UK BMR. This document constitutes the "Benchmark Statement" under Article 27 of the EU BMR as it forms part of the domestic law of the United Kingdom in respect of CS's "linear equities" family of benchmarks (each benchmark in such family, a "Non Linear **Equities Benchmark**") and provides the information required by the UK BMR to be included in such statement.

The methodology of each Linear Equities Benchmark is set out in the relevant Index Rules applicable to such Non Linear Equities Benchmark. Such Index Rules are available to CS (acting in other capacities), its affiliates, persons who have entered into licencing agreements to use the relevant Linear Equities Benchmark and any other person to whom the administrator is required to make such Index Rules available under the UK BMR, upon request to the following email address:

list.Indexenquiries@credit-suisse.com.

Licenced users of a Non Linear Equities Benchmark, their counterparties and investors should carefully read and consider the relevant Index Rules prior to making any decision to use such Non Linear Equities Benchmark or to investing in products referencing such Non Linear Equities Benchmark.

Where a product issued by Credit Suisse International or its affiliates references a benchmark administered by CS, any securities note prepared pursuant to **Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market** will contain a description of the methodology and geographical focus of such benchmark (the "Index Description"), which will be published on the following website:

credit-suisse.com/derivatives.

Where such product is listed on a stock exchange the pricing supplement containing the Index Description will normally be published by the relevant stock exchange on its website.. Where a securities note is placed to retail investors and there is no requirement for CS to publish a prospectus, prospective investors may in addition to requesting the Index Rules from CS, obtain further information regarding the benchmark by contacting their financial advisors and or the distributor of the notes.

Any person who has entered into a licencing agreement to use a CS administered benchmark and any of its respective counterparties and investors (including prospective counterparties and investors) can contact CS in writing at the following email address: list.Indexenquiries@credit-suisse.com or at its principal office at 1 Cabot Square, Canary Wharf, London E14 4QJ, United Kingdom, Attention: Benchmark Administration Manager if they are unsure whether the benchmark they are using (or wants to potentially use) is a Non Linear Equities Benchmark (for which this document is relevant) or is a benchmark belonging to another CS family of benchmarks.

Capitalised terms used in this Benchmark Statement, which are not otherwise defined, shall have the same meaning as set out in the Appendix 1 hereto ("Definitions for key terms relating to the Non Linear Equities Benchmarks").

1. **ISINs**

   There are currently no ISINs allocated to any of the Non Linear Equities Benchmarks.

2. **Contributions of Input Data**

   None of the Non Linear Equities Benchmarks are determined using Contributions of Input Data.

3. **Economic reality measured by the Non Linear Equities Benchmarks**

   Each Non Linear Equities Benchmark is designed to measure the performance of an investment strategy that provides exposure to a notional portfolio comprised of Non Linear Equity Instruments systematically rebalanced in accordance with predefined rules.

   The types of Non Linear Equity Instruments that may comprise the portfolio from time to time are set out in the relevant Index Rules and/or Index Description and may mean that (i) the portfolio would be linked to specified Equity markets or specified geographical boundaries or may be global and (ii) the portfolio include instruments that provide non linear exposures to equities. Please refer to the Index Rules and/or Index Description for the relevant Non Linear Equities Benchmark for a description of whether the economic reality consists of long only, short only or long and short positions.

   In addition, particular Non Linear Equities Benchmarks may include features that use non-Non Linear Equity Instruments Input Data, including but not limited to, currency rates and interest rates. These features do not alter the economic reality measured by the Non Linear Equities Benchmark but provide a variation in the manner in which such economic reality is measured. For example, measuring the performance in a currency other than the currency of the portfolio of Non Linear Equity Instruments or measuring a leveraged exposure to the portfolio of Non Linear Equity Instruments or a different type of performance.

4. **Definitions of Key Terms**

   The definitions for all key terms relating to each Non Linear Equities Benchmark covered by this Benchmark Statement are provided in the Appendix 1 to this document.

5. **Methodology**

   The Non Linear Equities Benchmarks are rules-based indices developed by CS that are designed to implement, and measure the performance of, a particular investment strategy. The exercise of discretion is limited to exceptional circumstances relating to market disruption or market changes outside the control of CS. The rationale for adopting the methodology of each Non Linear Equities Benchmark is to create a measure of the performance of a specific, systematically rebalanced, notional portfolio and to enable investors to take a synthetic exposure to such notional portfolios when investing in products linked to the Equities Benchmark.

   The methodology of each Non Linear Equities Benchmark and of each new benchmark to be added as a Non Linear Equities Benchmark, is subject to the approval by CS's Benchmark Governance Committee (or any successor in such role) ("**BGC**") in accordance with a formalised internal process to ensure ongoing compliance with the requirements of the EU BMR. This internal process stipulates that the BGC is provided with the details of the new benchmark, including (but not limited to) the investment strategy, operational risks and control framework for the new benchmark, its index rules and risk disclosures, an assessment of the sufficiency, reliability and verifiability of the Input Data. The BGC members include representatives of CS's index calculation team, product structuring team, general counsel division and compliance division.

The methodology of each Non Linear Equities Benchmark is subject to an annual review by the BGC to determine if any recent events would have impacted the quality or integrity of the relevant Non Linear Equities Benchmark methodology. Reviews may also be conducted on an ad hoc basis where the BGC considers it desirable or necessary to do so, including in response to specific events or otherwise. Specific events include (without limitation) any index errors, index disruptions, changes in the applicable legal or regulatory environment; any feedback from stakeholders, challenges, complaints; and/or any material audit findings or findings or recommendations from CS's Benchmark Oversight Committee (or any successor in such role).

6. ***Criteria and procedures used to determine the Non Linear Equities Benchmark Level***
   The Non Linear Equities Benchmarks are rules-based indices and are designed not to rely on Expert Judgement or discretionary determinations in ordinary circumstances. Each Non Linear Equities Benchmark is determined by CS collecting the Input Data necessary for such determination and specified in the relevant methodology and applying the rules prescribed by the methodology to calculate the performance of the relevant notional portfolio. The calculated performance may be subject to further predefined and transparent adjustments, which may include (but are not limited to) deduction of fees, costs associated with currency hedges included in the portfolio, currency conversions and costs associated with notional borrowing in relation to leveraged portfolios.

   The Non Linear Equity Instruments that comprise the relevant notional portfolio from time to time are determined periodically on the basis of pre-defined rules set out in the relevant Index Rules. Once the Non Linear Equity Instruments that comprise the relevant notional portfolio at the relevant time are determined, their weightings from time to time are determined based on pre-defined rules set out in the relevant Index Rules.

7. ***Input Data***
   The Input Data for the majority of Non Linear Equities Benchmarks comprises only externally sourced Input Data. In a limited number of Non Linear Equities Benchmarks, some Input Data may be internally sourced. Externally sourced Input Data include:

   (a)   transaction data i.e. executed prices relating to certain Non Linear Equity Instruments traded on exchanges;

   (b)   committed quotes relating to certain Non Linear Equity Instruments traded on exchanges;

   (c)   in relation to interest rates and exchange rates, the published levels of the interest rate or currency benchmarks providing such rates;

   (d)   in relation to mutual funds, the net asset values published by the relevant mutual funds or their respective administrators; and

   (e)   in relation to any indices (whether sponsored or administered by CS, any of its affiliates, or any third party entity), the levels published by the respective administrator or sponsor of such indices.

   CS sources the above Input Data from third party data vendors that it considers reputable and does not classify any of the above data as regulated data but classifies it as readily available.

In certain cases, a Non Linear Equities Benchmark may use internally sourced Input Data. Where this is the case the relevant Index Rules will indicate when Input Data is internally sourced.

CS may change the Data Sources it uses to source the Input Data from time to time in accordance with CS's internal governance procedures, provided that any new data provider or Data Source meets CS's requirements.

The Index Rules for each Non Linear Equities Benchmark specify the single Input Data type required to be collected and observed for each relevant component for the determination of such Non Linear Equities Benchmark. If it is impossible to collect and observe the required Input Data type for a component due to market disruption, this would result in lack of sufficient Input Data to determine the Non Linear Equities Benchmark according to the methodology. In such cases, CS may use Expert Judgement to estimate relevant values or adjust prices and values or may (i) postpone or suspend the determination of the relevant Non Linear Equities Benchmark or (ii) supplement, amend (in whole or in part), revise, rebalance or withdraw the relevant Non Linear Equities Benchmark.

8.   ***Insufficient Input Data, Insufficient or Inaccurate Data Sources***
Market disruption may lead to insufficient Input Data and/or insufficient or inaccurate Data Sources.

Events that may lead to market disruption include, (but are not limited to), any suspension of or limitation imposed on trading by any relevant exchange or other trading facility, the closure of any relevant exchange or other trading facility before its scheduled closing time, changes in the liquidity, trading volume, terms or listing of any Equity Instrument comprised in the relevant portfolio, the failure of any Data Source to publish the Input Data or the level published is significantly different to the level of such data prevailing in the market.

In addition to the cases of market disruption, other factors that may lead to lack of sufficient Input Data or to Input Data that is not consistent with the assumptions made when such Input Data was selected as the basis for the calculation of the Non Linear Equities Benchmark, or to the Input Data being unreliable include, (but are not limited to),: (a) a material change in the content, composition, constitution of, or in the formula for or method of, calculating relevant Input Data, (b) any other event that disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for, the relevant instrument, (c) any event that, in the determination of CS, has a material adverse effect on the ability of a market participant to establish, maintain, value, rebalance or unwind a hedge position in relation to an investment product linked to the Non Linear Equities Benchmark, including an Equity Instrument comprising the portfolio measured by the Non Linear Equities Benchmark, and (d) any event resulting in a breakdown in any means of communication or a procedure normally used to enable the determination of the Non Linear Equities Benchmark.

The methodology of each Non Linear Equities Benchmark specifies the relevant market disruption or other event that would lead to lack of sufficient Input Data or where the Data Sources may be insufficient, inaccurate or unreliable.

In addition, while CS intends to use well-established and reputable data providers to source its Input Data, there is a risk that this Input Data may be inaccurate, delayed or not up to date. There is also a risk that while the Input Data is accurate, the data feed to CS is impaired.

9. *Extrapolation*

CS may use extrapolation to determine the value of over-the-counter derivatives linked to equity underlyings which have a different tenor to the maturities for which a value is available using externally sourced data. The extrapolation method applies pre-defined formulae to externally sourced Input Data to generate an extrapolated value.

10. *Procedures for determining the* **Non Linear** *Equities Benchmark in periods of stress*

In the limited circumstances mentioned above, the BGC will either make the decision or approve the decision on whether to (i) suspend or delay the calculation and publication of the Equity Benchmark or (ii) determine the Equity Benchmark on the basis of estimated or adjusted data and publish the respective Level or (iii) supplement, amend (in whole or in part), revise, rebalance or withdraw the Equity Benchmark. Such decision and approval would be made in accordance with the criteria relating to the exercise of discretion described under "Exercise of discretion" below.

11. *Limitations of the Non Linear Equities Benchmarks*

The market disruption and other events that may lead to the Input Data or Data Sources being insufficient, inaccurate or unreliable or to the Input Data being not consistent with the assumptions made when such Input Data was selected as the basis for the calculation of the Non Linear Equities Benchmark may compromise the reliability of the Non Linear Equities Benchmark.

12. *External and other factors may necessitate changes or cessation of the* **Non Linear** *Equities Benchmark*

CS provides notice that factors, including external factors beyond the control of the administrator, may necessitate changes to, or the cessation of, any Non Linear Equities Benchmark.

13. *Exercise of discretion*

CS may exercise discretion to:

(a) determine whether a market disruption or another event has occurred that may lead to the Input Data being insufficient or to such data being not consistent with the assumptions made when such Input Data was selected as the basis for the calculation of the Non Linear Equities Benchmark;

(b) estimate or adjust the level of Input Data when CS has determined that one or more of the above events have occurred;

(c) address other unscheduled events which may make it impossible to calculate the Non Linear Equities Benchmark;

(d) decide whether to (i) estimate or adjust the level of Input Data in the above circumstances or (ii) suspend or delay the calculation and publication of the Non Linear Equities Benchmark or (iii) supplement, amend (in whole or in part), revise, rebalance the Non Linear Equities Benchmark;

(e) decide how to address errors in Input Data or in the determination of the Non Linear Equities Benchmark, including whether to restate the Level of the Non Linear Equities Benchmark in such circumstances;

(f) decide how to address any omissions or ambiguities in the relevant Index Rules; and

(g) decide whether to terminate the Benchmark.

If the need to exercise discretion arises, CS will do so in a way that minimises potential or actual conflicts of interests and will act in good faith and in a commercially reasonable manner consistently with (a) the objective of the Non Linear Equities Benchmark; (b) any previous exercise of discretion in the same or similar instances; and (c) where possible, across Non Linear Equities Benchmarks in relation to the affected asset class or instrument. Where there is a corresponding regulatory obligation, CS shall also take into account whether fair treatment is achieved by the exercise of discretion in accordance with applicable regulatory obligations.

Where CS is entitled to exercise discretion, any such exercise will be either made by the BGC or be subject to the approval of the BGC.

14. ***Changes to, or cessation of, a* Non Linear *Equities Benchmark may impact financial contracts, financial instruments or investment funds that reference that* Non Linear *Equities Benchmark***

CS may decide to make modifications to the Non Linear Equities Benchmark, or permanently cancel and discontinue calculating and publishing an Non Linear Equities Benchmark (in compliance with applicable law and regulation) at any time.

Changes to, or the cessation of, a Non Linear Equities Benchmark may have an impact on the financial contracts and financial instruments that reference the Non Linear Equities Benchmark or the measurement of the performance of investment funds.

Users should check that the contractual terms of such financial contracts and financial instruments contain appropriate fallback provisions.

15. *Error procedures*

CS has a number of procedures and processes in place which are designed to ensure the accuracy and reliability of its published Non Linear Equities Benchmark Levels. Notwithstanding these procedures and processes, errors in Input Data or in the determination of a Benchmark may sometimes occur. When an error due to the correction by a third party Data Source of Input Data is identified and the impact is below a certain pre-defined threshold, the Level of the Non Linear Equities Benchmark is restated. In all other cases, the restatement of the Level of the Non Linear Equities Benchmark is subject to the approval of the BGC or the chairperson of the BGC. The approval of the BGC is also required in relation to any decision not to restate the Level of the Non Linear Equities Benchmark upon the discovery of any issue or error that would normally give rise to a restatement. All restatements of Non Linear Equities Benchmarks are reported to the BGC as and when they occur and are then recorded and (if necessary), discussed at the next periodic BGC meeting (usually held monthly).

When determining whether to approve a restatement, the BGC and its members will take into account, among other factors, any applicable FCA conduct rules, CS's conduct and ethics standards, proportionality and the impact on users.

16. *Classification of benchmarks*

CS has determined that each Non Linear Equities Benchmark is a non-significant benchmark in accordance with Article 3(1)(27) EU BMR.

17. **ESG factors**

For the purposes of Article 27(2)(a) of the EU BMR, as amended by Regulation (EU) 2019/2089 of the European Parliament and of the Council of 27 November 2019 (the "**Low**

Carbon Benchmark Regulation") no Non Linear Equities Benchmark pursues environmental, social and governance ("**ESG**") objectives.

Appendix 1 – Definitions for key terms relating to the Non Linear Equities Benchmarks

This Appendix 1 sets out the definitions in relation to the terms which CS considers to be "key terms" for the Non Linear Equities Benchmarks covered by this Benchmark Statement.

The terms defined herein will not necessarily apply to each Non Linear Equities Benchmark within the Non Linear Equities Benchmarks family; nor are these terms intended to be exhaustive in respect of any of the Non Linear Equities Benchmarks, as there may be additional terms relating to (amongst other things) the determination, calculation, disruption, governance, summary description and/or risk factors of any given Non Linear Equities Benchmark which are not included below. In addition, some of these terms may be defined differently within the individual Index Rules, in which case the meaning used in the Index Rules shall prevail. Further reference should therefore also be had to the Index Rules of the relevant Non Linear Equities Benchmark, as may be amended and/or updated by CS from time to time.

Definitions:

"**Benchmark**" means any index administered by CS which CS has determined that it may be used as a "benchmark" as defined in the EU BMR.

"**Benchmark Statement**" means the statement referred to under Article 27 of EU BMR.

"**Contributions of Input Data**" means providing any Input Data not readily available to CS, or to another person for the purposes of passing to CS, that is required in connection with the determination of a Benchmark, and is provided for that purpose.

"**Data Source**" means the publication, page (or any other origin of reference, including an exchange) containing (or reporting) the prices, levels, rates or other data utilised by CS as Input Data, and to any successor publication, page or source on which the relevant prices, levels, rates or other data may be disseminated.

"**Non Linear Equity Instruments**" means listed equity options, listed futures linked to equity volatility underlyings , or OTC Non Linear Derivatives linked to one or more US equity underlyings.

"**Non Linear Derivative**" means a derivative whose value change with time and the relative position of the underlying.

"**Expert Judgment**" refers to the exercise of discretion by an administrator with respect to the use of data in determining a Non Linear Equities Benchmark. Expert Judgment includes extrapolating values from prior or related transactions, adjusting values for factors that might influence the quality of data, such as market events or impairment of a buyer or seller's credit quality, or weighting firm bids or offers greater than a particular concluded transaction.

"**Index Rules**" means, in respect of any Non Linear Equities Benchmark, the methodology or rule book for such Non Linear Equities Benchmark.

"**Input Data**" means the data in respect of the value of one or more underlying assets, or prices, used by CS to determine a Non Linear Equities Benchmark.

"**Level**" means, in relation to a Non Linear Equities Benchmark, the calculated and announced value of such Non Linear Equities Benchmark.