

# Interest Rate Benchmarks

## Risk Disclosure for EURIBOR lending and trade facilities with HSBC Bank Canada

### What is EURIBOR?

The Euro Interbank Offered Rate (“EURIBOR”) is an interest rate benchmark which is used directly or indirectly to determine the fees, charges, commission, interest and other amounts payable under some loans and trade facilities.

### What is changing?

There is currently no expectation that EURIBOR will cease to be published (unlike LIBOR, which will cease to be published). The underlying calculation methodology of EURIBOR has been reformed to align with benchmark regulatory expectations. However, there are certain changes to trade and loan facilities which reference EURIBOR which have been recommended by the euro working group on risk-free rates (EURWG) to help ensure an orderly transition away from EURIBOR, should EURIBOR be discontinued at some point in the future. Any discontinuation of EURIBOR would likely follow an industry consultation process with appropriate implementation timelines.

### Why are we sending this to you?

The following is provided for general information only. You should conduct your own independent research and analysis regarding the risks involved, including considering whether a product referencing EURIBOR and its related fallbacks (as described further here) is right for you, in conjunction with your legal, tax, accountancy and other advisers. The statements below are not exhaustive. While HSBC receives updates from regulators as to their expectations, there are events relevant to benchmark rates which are not yet known. Accordingly, HSBC cannot give any statement about the likelihood of any specific outcome or its potential impact on any transaction or customer position nor is HSBC providing any advice or recommendation.

### The temporary and permanent fallbacks for HSBC Bank Canada’s lending and trade facilities

HSBC’s Canadian lending and trade facilities generally include “fallback” provisions that will apply if the EURIBOR screen rate is unavailable, either temporarily or permanently. The fallback provisions generally provide as follows, although we recommend you review your documentation carefully as your circumstances may require a different approach:

- ◆ **Temporary Unavailability:** If the EURIBOR screen page is not available temporarily, the rate from the last available EURIBOR Business Day may be used.
- ◆ **Permanent Discontinuance:** If there is a permanent discontinuance or unavailability of EURIBOR or a EURIBOR Period, the Euro Short-Term Rate (ESTR) published by the European Central Bank for EURIBOR may be used.

The operation of the temporary and permanent fallback provisions outlined above might result in changes to the amounts payable under your lending and/or trade facilities. Such amounts might be lower or higher than would have been payable if EURIBOR had applied and might operate in a different way to EURIBOR. The rate used may be different to EURIBOR.

The temporary and permanent fallback provisions and trigger events outlined in this risk disclosure may be different for syndicated transactions.

### What should you do if you have any questions?

HSBC is unable to provide you with specific advice or recommendations on this issue. We strongly recommend you seek guidance from your usual professional advisers if you have any questions.

**Further information is available at:**

[www.business.hsbc.com/ibor](http://www.business.hsbc.com/ibor)

EURIBOR Risk Disclosure – Oct 2022

## Disclaimer

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