

CreditManager Eurozone Contingency Plan

Document Subtitle

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RiskMetrics has given careful consideration to the possibility that one or more countries may exit the eurozone in the near future. We envision a number of potential scenarios for how these events may unfold; they may range from an orderly and well-planned exit, coinciding with the introduction of a new currency for a departing country, to a disorderly exit, resulting in major market disruptions. We have created a contingency plan that is focused on the effect of a major market disruption on CreditManager data and the reports on which our clients rely.

Our contingency plan is based on the following goals:

- **Communication with our clients on a timely basis:** As soon as there is an official announcement that any country will exit the eurozone, RiskMetrics will publish client communications with a proposed timeline for our response, with details about our immediate actions, and a document addressing frequently asked questions.
- **Business continuity:** CreditManager will continue to process all non-affected assets and market data (i.e., assets and data unrelated to the new currency) without any interruption.
- **Coverage:** RiskMetrics will provide coverage and proxies for the affected assets as soon as it is reasonable to do so.
- **Scalability:** Our contingency plan and timelines account for any country that exits the eurozone.

While there is considerable uncertainty surrounding the manner of any exit and its effect on the euro, all scenarios involve three, well-defined changes:

1. A new currency will be introduced.
2. Existing equity time series will be redenominated in a new currency.
3. Sovereign and/or corporate bonds will be redenominated in a new currency, and this may require updates to non-currency terms and conditions.

To prepare for all of these changes, should such an event occur, we have proactively initiated the following procedures:

1. Establish strong communication channels with all RiskMetrics vendors – We have established weekly meetings with many of our vendors to synchronize any data changes.
2. Identify the cue for action – In the case of equity time series, the cue is when the respective stock exchange issues an effective date from which securities will be quoted in the new currency. For bonds, an official communication by official government sources confirming this event will be used as a cue.
3. Define the implementation plan – The set of steps that need to be taken in each of the scenarios has been defined, including the data delivery to CreditManager.

Implementation timeline:

Scenario	Short-term (less than two weeks)	Medium-term (2 -4 weeks)	Long-term (1 -3 months)
Country exits the eurozone.	<p>The new currency will be available in CreditManager the day after the new currency is made available by the market data vendor.</p> <p>Equity prices and other market data will be denominated in the new currency as soon as the market data is made available by the market data vendor.</p> <p>Security terms and conditions reflecting the redenomination and any updates will be delivered to CreditManager as soon as the market data is made available by the market data vendor.</p>	<p>Proxy time series will be provided to cover new securities in the new currency.</p>	<p>RiskMetrics will monitor the market and evaluate the treatment of the redenominated securities and the effectiveness of the proxying risk factors.</p>

The content of this document is based on information available as of June 12 and subject to change due to potential future developments related to the event.

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¹As of June 30, 2011, based on eVestment, Lipper and Bloomberg data.