



Dear Sir or Madam,

We would like to inform you that the below changes regarding BNP Paribas Arbitrage are now effective:

- After 29 years in existence as an investment firm (*entreprise d'investissement*), BNP Paribas Arbitrage has transformed into a **credit and investment institution** (*établissement de crédit et d'investissement*) to comply with the new European prudential framework applicable to it
- Simultaneously, it has adopted:
 - a new name: **BNP Paribas Financial Markets**
 - a new head office address: 20 boulevard des Italiens, 75009 Paris

Under its new name and new regulatory status, BNP Paribas Financial Markets doesn't change the way it operates:

- **Businesses:** unaffected, i.e. this new status doesn't allow the company to provide regular credit institution activities (no deposit taking, no commercial lending, etc.)
- **Legal form and ownership:** the company continues to operate as the same legal entity, under the same legal form (a "Société en Nom Collectif - SNC" or *partnership* pursuant to French law) and remains a wholly owned direct and indirect subsidiary of BNP Paribas
- **BNP Paribas legal duties:** indefinitely, jointly and severally liable to the debts and obligations of BNP Paribas Financial Markets, in line with the provisions of Article L 221-1 of the French code of commerce
- **Swift/BIC code, LEI code, Settlement Instructions/account numbers, VAT number, SIREN, RCS remain unchanged**

Please find an enclosed list of frequently asked questions that may also be of assistance.

Regards

Jacques Vigner
Co-head of BNP Paribas Financial Markets

François Demon
Co-head of BNP Paribas Financial Market



New Regulatory Status & New Name – FAQ

- **What is the new regulation IFR /IFD* impacting BNP Paribas Financial Markets' (BNPP FM) regulatory status?**

In April 2019, the European Parliament passed this regulation in the context of Brexit. The **IFR regulation modifies the definition of a credit institution** introducing new conditions. Because of its activities (dealing on own account) and its size of balance sheet (over EUR 30B) **BNPP FM fulfilled these conditions and applied for ECI authorisation** (more details on the next page).

- **Who supervises ECIs like BNPP FM?**

Due to the fact they are deemed systemically important (total assets, economic importance or specific activities), ECIs are supervised by the European Central Bank (ECB), in collaboration with the **ACPR**¹, under the Single Supervisory Mechanism² (SSM)³. The supervisory role of the **AMF** remains unchanged.

- **Is the availability of capital and funding support from BNPP FM's parent Bank (ie BNP Paribas SA) the same?**

Yes, the legal status (i.e. SNC) of BNPP FM doesn't change. **BNP Paribas SA remains indefinitely, jointly and severally liable to the debts and obligations of BNPP FM.**

- **Is BNPP FM fully consolidated by BNP Paribas?**

Yes, as you can see on BNP Paribas' annual financial Report 2022 (<https://invest.bnpparibas/en/document/un>

iversal-registration-document-2022, p.287) ex -BNP Paribas Arbitrage (now BNPP FM) is listed as fully consolidated (financially and prudentially).

- **Does BNPP FM become a "real bank"?**

No, **our new status doesn't allow us to provide regular bank activities** (i.e. no taking deposits, no lending, no financial leasing, no payment services, etc.)

- **Who is impacted by the new regulation IFR/IFD?**

All European investment firms. The systemically important firms (like BNPP FM) must apply for credit & investment institution status. In France, around 10 to 15 companies are impacted.

- **What is the impact on the Ultimate Beneficial Owner (UBO) of BNPP FM?**

None. BNPP FM's UBO is still BNP Paribas SA. BNP Paribas SA being a listed company, there is no list of UBO for this company (the natural persons whose name appears in BNPP FM's UBO register are listed only as legal representatives of BNP Paribas SA).

- **What is the main impact of the renaming of BNPP FM?**

Repapering for older contracts is not needed, for the newer ones, templates will be updated. There is **no impact on Swift code, BIC code, standing settlement instructions, account numbers, CRDS, corporate logo, SIREN, LEI code (6EWKU0FGVX5QQJHFGT48), RCS etc.**

* <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32019L2034> & [EUR-Lex - 32019R2033 - EN - EUR-Lex \(europa.eu\)](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32019R2033)

¹ *Autorité de Contrôle Prudentiel et de Résolution* : more details on <https://acpr.banque-france.fr>

² visit [Single Supervisory Mechanism \(europa.eu\)](https://www.ecb.europa.eu/press/pr/ssm/) for more details

³ *Autorité des Marchés Financiers*: more details on <https://www.amf-france.org>



New Regulatory Status & New Name – FAQ

What is the regulatory framework of IFR/IFD ?

- Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms (the “IFD”) and its associated regulation, Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms (the “IFR”), were published on 4 December 2019 in the Official Journal of the European Union.
- These laws are the culmination of work initiated in 2016 by the European Commission and the European Banking Authority with the aim of establishing a prudential regime in the European Union (“EU”) adapted and proportionate to the activities carried out by investment firms (“IFs”).
- Four categories of IFs have been defined, BNPP FM is a Class 1 IF: deemed systemically important (total assets exceeding €30 billion either individually or on a consolidated basis), which must apply for credit institution authorisation and which are supervised under the European SSM.
- The Regulation came into force on 26 June 2021, by which time the transposition of the IFD by EU Member States was to be completed. Ordinance no. 2021-796 of 23 June 2021, as well as various decrees adopted in July 2021, transposed the IFD into French law.
- In France, for class 1 investment firms, the regulations have adopted a specific credit and investment institution (“CII” or “ECI” in French) status (Articles L516-1 to L516-2 of « Code monétaire et financier » - French Monetary and Financial Code). Therefore, in accordance with European law, they are treated as credit institutions, but are not authorized to receive repayable funds from the public and are not permitted to carry out credit transactions. Moreover, they may not offer other services such as payment services, digital asset services or providing electronic money. If a CII wishes to offer such services or other banking services, it must apply for a new licence.
- ECI or CIIs may provide the same services or activities as IFs (the investment services and activities and ancillary services listed in Annex 1, Sections A and B, of Directive 2014/65/EU - “MiFID II”).