Société Générale welcomes this opportunity to comment on the above consultative document. We share the aim to ensure that banks have in place adequate governance to face crisis, and have identified measures to restore their financial health in case of difficulties. The template will ensure consistency of supervisory requirements regarding recovery plans within Europe. However we wish to comment on the following issues:

- International consistency: we urge EBA to coordinate its work on templates with international authorities like FSB to ensure that all authorities worldwide share the same view on recovery planning. This will make discussions within Colleges including third countries authorities easier;

- Recovery plan/resolution plan: we believe that many information listed in the template rather belong to the resolution plan (for instance mapping of the group, systemically relevant functions and systemic impacts of the measures);

- Implementation of the plan: the plan should be triggered and implemented by the management in place therefore it should not be legally binding to leave flexibility to adapt to business and economic environment;

- Requirement at subsidiary level: we believe that recovery planning should be managed at the mother entity level only, including contributions from subsidiaries if relevant;

- Confidentiality: we urge authorities to put in place a specific governance to ensure confidentiality. Only a very few persons should have access to information, which should be very carefully protected.

Q.1 Have you already drafted/approved a recovery plan or are you in the process of doing so? If so, please reply to the following questions referring to your experience

Yes, French SIFIS have been required by the French Prudential Supervision Authority to prepare an initial version of RRP which should be validated by end 2012. First submission of the Recovery plan to our supervisor was done in December 2011.

Q.2 Is your recovery plan or would your future recovery plan be in line with the contents of the template and its underlying approach? Please mention the relevant differences, if there are any

The Recovery Plan was prepared according to the FSB guidelines finalized at the Cannes G20. The main features of our plan are similar to those proposed in the EBA document at the exception of the content of the Group presentation. Indeed, we are surprised by the level of details being considered by the template, of which a significant part seems to us only appropriate for the resolution plans.
In our opinion, the management being in charge of the recovery phase mainly needs to have an access through the plan to sensible options and tools for efficiently re-establishing the financial soundness of the bank. Therefore, we believe that there is:

- Neither a need to provide a detailed description of the group (item b page 7) beyond what is necessary to implement pre-identified potential options.
- Nor the necessity to list critical/ systemically relevant functions (page 8) which relate to the Resolution plan (pre-identified recovery options already take into account their relevant specificities and consequences).

Q.3 Are there legal provisions and/or guidelines in place in your jurisdiction with regard to recovery plans and resolution plans? If so, are there any elements of this template which conflict with those provisions?

In France, the Prudential Supervision Authority has already got, by law, a certain number of powers. It may order credit institutions to take appropriate measures to restore or bolster their financial situation, improve their management methods or ensure that their organisation is suitable for their business or their development plans. The Prudential Supervision Authority may require supervised institutions: to hold own funds exceeding the minimum amount required by the applicable rules and/or to apply a specific policy of provisioning or special treatment to their assets for regulatory capital purposes. The Prudential supervision Authority can require the institution to submit a recovery plan, to restore its financial situation, enhance its management or adapt its organisation to its development goals.

Nevertheless the requirement of drafting RRP has not been included in the French law yet. It is likely that the French law will transpose the European Directive when approved by the European Parliament.

Q.4 What kind of legal implications and/or binding effects does the plan have in your jurisdictions, if any, and what should they be, in your opinion?

We believe that a supervisor will be keen to make sure that banks facing extreme situations would activate effective remedial actions up to the Recovery Plan when appropriate. The authorities may enjoin a bank to implement the recovery plan, if it considers it necessary given its deep knowledge of the bank and its estimate of a possible adverse development in a near future, and if the bank has not taken any measure at that stage.

However, it is of utmost importance that the practical implementation of the plan remains at the discretion of the management in place, especially the choice of recovery solutions (see question 2). In our opinion, no part of the plan should be legally binding.

Q.5 Do you believe the draft recovery template to be sufficiently comprehensive and cover all the aspects relevant for the purpose of the recovery plan? If not, please specify what is missing.

The proposed template is very comprehensive and we have not identified missing information. On the contrary, we believe there is no need to provide that much data which is more suitable for the resolution, out of which the authorities have to set concrete resolution plans.
Q.6 Should the recovery plan include scenarios and assumptions as possible points of reference for testing the various recovery options? What role should they play within the recovery plan and with respect to the possibility to consider \textit{per se} the various triggers and negative impacts?

We believe that the capacity of a bank to recover depends merely on the identification of a broad scope of options, enabling the bank to face the various possible types of crisis. The development of self-elaborated extreme stress-tests would lead the various members of the industry to develop inconsistent stress severities and thus parameters that would not allow the authorities to build appropriate comparisons. Therefore, stress scenarios developed in Recovery Plans should remain indicative and thus at a very high level. Of course, we understand that there may be situation for which supervisors would need to assess whether banks are sufficiently robust. [We believe the testing of plans should particularly be made when the economic situation as a whole deteriorates]. In this case, national supervisors would ask banks to analyse the impact of consistent scenarios (with the real context at this moment) on their recovery options. We believe these scenarios should be provided by the supervisor itself (instead of leaving each bank determine its own scenario).

Q.7 How would/do you identify quantitative and qualitative recovery early warnings and triggers? What are the key metrics you would use to develop early warnings and triggers?

If establishing a set of alert (early warnings) or even trigger indicators is a sensible approach to identify a (possible) severe deterioration of the financial soundness, we believe the resulting quantitative approach must be, in any circumstances, completed by a judgmental decision process as, at least, the exogenous context of any crisis is a key component of any decision to be taken.

Q.8 What kind of corporate governance arrangements have you adopted or would you adopt for recovery planning? Please comment on differences to the template.

The governance in place in the bank is similar to what is proposed in the template. It derives mainly from procedures already in place to address crisis. However, we do not see any role for the external auditors in the validation of plans.

Q.9 How do/would you ensure the consistency between your group recovery plan and recovery plans drafted by your main entities? For this purpose, are you aware of any obstacles in the current legal framework?

We almost see no benefit in the elaboration of separate recovery plans for the main subsidiaries as the diversification of our group is certainly the main factor for credible plans as it offers large rooms of manoeuvring at the group level. In case the relative size of a subsidiary Group would be very significant for the Group, it would contribute anyway to the Group recovery plan in a way or another and the relevant options would be included in the Group recovery plan.

Q.10 What range of recovery measures do you think should be envisaged in the template?

We agree with the general categories of measures proposed in item d page 11. However the recovery plan should not duplicate the Contingent Funding Plan which is therefore to be considered as a part of the RP
Q.11 Have you got any remarks or concerns related to the confidential nature of the information provided in the recovery plan? If so, please elaborate.

As all banks, we are really anxious about the confidentiality issue posed by the communication of the plan to a large number of persons within supervisory bodies. The unintended communication of parts of the plan to the public (particularly options and confidential description of the group) could have very detrimental impacts to the bank. Therefore we urge supervisors to restrict the access to the bare minimum and, where necessary, define a way of communication which can ensure at all times that only a few people, bound by professional secrecy and well committed to the confidentiality requirements, will have access to the plan.

Q.12 Should the plan include a ranking among the various recovery measures, differentiating between them with regard to possible scenarios and assumptions and taking into account the expected impact of each measure?

No, as already said the plan must be a list of possible options, chosen according to their feasibility and estimated benefits which could depend on broad types of scenarios, but no preference should be made ex ante as the next crisis is very likely to be unpredictable (see also our answer on scenarios) and the vision of the strategic importance of the activities could be affected by the crisis.

Q.13 How would you assess the credibility of a recovery plan? Please comment on your experience

First, the plan must demonstrate that the necessary governance is in place (alerts, escalation...). Beyond this prerequisite, the plan credibility will rely mostly on the effective existence of a broad scope of arrangements and measures to increase or restore the bank solvability to adequate levels, while the CFP will ensure a proper access to funding.

Q.14 What kind of information arrangements have you put in place to ensure that the right information is available within a short time frame for decision-making in a stress situation?

No special arrangements were meant necessary. The management information systems in place already provide regular information to the banks managers, especially on liquidity management, capital consumption, profitability, exposures to risks...

Q.15 How frequent should interactions/iterations between the supervisor and the financial institution be? What role should the supervisor play?

We have very regular contacts with our supervisor, and the supervisory reporting requires frequent meetings. A good knowledge of the bank industry and the Group is essential for the team in charge of the control. The plan is one mean among others to complement the risk analysis made by the Authorities to assess the resilience of the firm. We consider risk management and prevention through appropriate day to day control as being, from far, the most important area where supervisors and banks should dialog on.
Q.16 The implementation of a recovery plan is likely to structurally modify the financial institution and its sources of revenues. Should a forward looking business plan, assuming the implementation of the recovery options, also be part of the recovery plan?

We disagree with such a proposal. Indeed, multiplicity of crisis scenarios and multiplicity of recovery options can only make any forward-looking business plans or financial projections very theoretical due to the multiplicity of prices, possible scenarios...
Of course, in case a set of options are indeed activated, the bank would monitor the relevant impacts on its strategic and financial profile. Such projections are quite quick to build and do not need to be prepared in advance.

Q.17 Please provide views on the impact, including your costs and benefits analysis, of the issues involved in the preparation of a recovery plan?

Not responded

Q.18 Have you made, or do you plan, changes in the organisation to facilitate successful implementation of the recovery plan in the future?

Recovery plan content largely relies on already existing tools and procedures to adapt to a crisis situation.
Of course, the setting up and update of plans has required building a dedicated team and a correspondent network within business lines in charge of writing/updating the plan.
No other changes are contemplated.

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