

PRESS RELEASE

The Paris financial centre successfully passes targeted test

On 20 March 2014, the *Groupe de Place Robustesse* comprising around 15 players (the Banque de France, the French Banking Federation (*Fédération bancaire française* - FBF), French banks, Paris financial centre infrastructures, and government representatives) held a real-time liquidity crisis simulation test.

This half-day exercise is part of the strategy established by the *Groupe de Place Robustesse Financière* to test, on a regular basis, the robustness of Paris' financial centre. This exercise involves all of its key players.

1- The scenario

The liquidity crisis scenario was as follows: one foreign bank, followed by a second one, both of systemic importance, suddenly stop issuing credit transfers via the Eurosystem platforms despite the fact that these transactions are expected.

The seriousness of this situation, concerning two systemically important institutions and large-value amounts, initially suggests a cyber-attack. In the end, however, the information provided by the Eurosystem shows that the problem is simply due to a technical malfunction.

The using of such a scenario enabled the Paris financial centre to conduct an exercise in managing at the same time a Eurosystem crisis (simulated), a liquidity crisis and a financial centre crisis. This incident resulted in the mobilisation of the **Eurosystem crisis unit** (simulated), the Market Crisis Unit - Liquidity (CCP-L) and, due to the cyber-attack threat, that of the *Groupe Robustesse*. These three structures were placed on alert to deal with an incident that could have paralysed the critical operational processes of the financial system such as interbank payments.

2- Aim of the exercise

The aim of this exercise, based on fictional information sent to participants, was to assess individual and collective response capacities. In particular, it set out to ensure that the Paris financial centre co-ordination unit, managed by the Banque de France, was able to establish an overall assessment, and to foster contacts and coordination with the Crisis Unit for liquidity management and government representatives. It also aimed to test the capacity of the *Groupe de Place* to define and implement coordinated action plans to cope with the situation. During the different phases of the crisis simulation, the members of the coordination unit had to simultaneously manage the consequences of the crisis within their own institution.

The exercised focused on ensuring the smooth coordination between Business Continuity Plan Managers (BCPMs) and treasurers – flow managers (members of the CCP-L).

This exercise thus tested the capacity of the main players of the Paris financial centre to reach the assigned objectives: assessment, contacts and interactions between the Crisis Units or with partners outside the sector. It also provided the opportunity to test the communication tools put in place by the *Groupe de Place Robustesse*.

The Groupe de Place Robustesse was set up in 2005 at the initiative of the Banque de France to meet two objectives:

- resilience: improve the financial system's ability to cope with shocks affecting critical functions, such as payment systems, liquidity and support for financing the real economy.

- credibility: ensure that the Paris remains, in the eyes of international investors, one of the most robust financial centres in the event of a major operational crisis.

The Groupe de Place Robustesse is comprised of credit institutions and related entities (BNP-Paribas, CASA, BPCE, Banque Postale, Crédit Mutuel-CIC, Société Générale and CDC), market infrastructures (LCH.CLEARNET, NYSE EURONEXT, EUROCLEAR, STET, GIE CB, and ABE CLEARING), senior defence and security officials from the Ministry of Economy and Finance, the French Treasury, the Fédération bancaire française, the Banque de France, the regulatory and supervisory authorities such as the Autorité de contrôle prudentiel et de résolution and the Autorité des marchés financiers.

In the event of a serious crisis, this decision-making body is assisted by a Coordination Unit (consultation and working group) and Crisis Units (CCPs). These units are made up of representatives of the Banque de France and institutions belonging to the Groupe de Place Robustesse. Thanks to their expertise in the sensitive areas of business continuity (liquidity, cash, communication), CCPs help the Coordination Unit to better identify the impacts of the crisis, the actions to be implemented and the conditions for a return to business as usual.