

EONIA Governance Framework

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EONIA® GOVERNANCE FRAMEWORK

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INTRODUCTION

Eonia[®], the Euro Overnight Index Average, is a short-term interest rate benchmark for the euro. The European Money Markets Institute (EMMI) is its Benchmark Administrator.

The **Eonia[®] Governance Framework** (“the Framework”) specifies the governance and control framework for Eonia[®], including the obligations of parties that play a role in the determination of the benchmark.

EONIA[®] GOVERNANCE FRAMEWORK - COMPONENTS

The Eonia[®] Governance Framework consists of the following components:

- (i) The **Governance Code of Conduct** (GCC), which sets out the governance arrangements and control framework established by the Administrator, the selection of Panel Banks, and the general specification and approach for the determination of Eonia[®];
- (ii) The **Eonia[®] Code of Obligations of Panel Banks** (COPB), which sets out the requirements for Panel Banks in acting as contributors of data to EMMI for the determination of Eonia[®];
- (iii) The **Eonia[®] Code of Obligations of Calculation Agent** (COCA), which sets out the requirements for the Calculation Agent in acting as an agent of EMMI for the determination of Eonia[®]; ¹ and
- (iv) The **Eonia[®] Benchmark Determination Methodology** (BDM), which sets out the determination methodology for the calculation of Eonia[®] under both regular and contingency circumstances.

All parties to the benchmark determination are subject to the overall Governance Framework, as relevant to their respective roles.

PARTIES REFERENCED IN THE EONIA[®] GOVERNANCE FRAMEWORK DOCUMENTATION

1. The **EMMI General Assembly and EMMI Board of Directors** are the governing bodies of EMMI. As detailed below, the EMMI General Assembly approves the Governance Framework, and changes thereto, based on the recommendation of the EMMI Board of Directors.
2. The **Euribor-Eonia Steering Committee** (“the Steering Committee”), established under the authority of the EMMI General Assembly, is an independent committee composed of a balanced representation of stakeholders, including benchmark end-users and data contributors, which exercises an independent

¹ A section on the responsibilities of the Calculation Agent is currently available on section 9 of the Eonia Governance Code of Conduct (GCC). The GCC has been drafted reflecting the requirements of Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts (EU BMR) and accordingly does not apply to Central Banks. Hence, a CoCA for Eonia is not available.

oversight of all aspects of the provision of the Euribor^{®2} and Eonia[®] benchmarks, including governance and methodological aspects. The composition, responsibilities, and operation of the Steering Committee are described in the Governance Code of Conduct.

3. **The EMMI Conflict of Interest Oversight Committee** (“the CIOC”), as an advisory committee to the EMMI Board of Directors, monitors potential situations of conflicts of interest. As detailed in Section 4 of the Governance Code of Conduct, the CIOC controls the effectiveness of the EMMI *Conflict of Interest Policy* and the procedure to manage and mitigate conflict of interest situations, by providing recommendations to the Board of Directors and the Euribor-Eonia Steering Committee.
4. The Eonia[®] benchmark is determined based on data provided by a dedicated panel of banks, the **Eonia[®] Panel Banks**, established by EMMI. The composition of the panel, the selection of members and the obligations of the Panel Banks with respect to their role in the determination of Eonia[®] benchmark, are described in the Eonia[®] Code of Obligations of Panel Banks.
5. The regular calculation of the Eonia[®] benchmark is undertaken by a third party **Calculation Agent**, selected by and under contract to EMMI. The general obligations of the Calculation Agent with respect to its role in the determination of Eonia[®] benchmark are described in the Eonia[®] Code of Obligations of the Calculation Agent.
6. The **EMMI Secretariat** supports the EMMI governing bodies and the Steering Committee in matters concerning the Eonia[®] benchmark, and oversees the day-to-day operation of the benchmark.

EONIA[®] GOVERNANCE FRAMEWORK – AUTHORITIES AND RESPONSIBILITIES

1. The Eonia[®] Governance Framework has been established under the general authority of the EMMI General Assembly.
2. The EMMI General Assembly is the ultimate approval authority for the Eonia[®] Governance Framework and the GCC component. Such approval is given based on recommendations from the EMMI Board of Directors and the Steering Committee. In particular, the EMMI General Assembly can decide to amend the Framework, upon such recommendations.
3. Consistently with the oversight role of the Steering Committee over the Panel Banks, the Calculation Agent and the benchmark methodology, the EMMI General Assembly delegates approval authority for the COPB, COCA, and BDM components of the Framework to the Steering Committee.

² This Code of Conduct Framework refers to the administration and determination of the Eonia[®] benchmark. A separate, parallel, Governance Framework is established for the Euribor[®] benchmark.

4. Amendments to this Governance Framework are not subject to the approval of parties to the benchmark determination, except as specified above. However, EMMI shall consult publicly on any material changes to the Eonia® benchmark, following the procedures defined in the BDM component of the Framework. Material changes shall be disclosed in advance and shall not occur more frequently than necessary.
5. All components of the Framework shall be reviewed by the appropriate approval authority at least annually.
6. Enhancements will be introduced to the Framework where appropriate, in order to cope with changes in market conditions, relevant legislation or regulation, and the development of enhanced international standards for benchmark determination.
7. The standards set in the Framework are additional to and do not supersede any relevant legislation, regulation or other regulatory guidance applicable to parties referenced in the Framework components. EMMI and the competent supervisory authority should be notified of any potential inconsistency between the Framework documentation and such legislation or regulation.
8. The authorities and responsibilities with respect to the components of the Framework are summarized in Table A below.

Code Component	EMMI General Assembly	EMMI Board of Directors	Steering Committee	EMMI Secretariat	Calculation Agent	Panel Banks	Benchmark Users	Competent Regulatory Authority
Governance Framework	Approve	Recommend to EMMI General Assembly	Recommend to EMMI Board of Directors	Propose	Inform	Inform	Inform	Consult — Inform
Governance Code of Conduct (GCC)	Approve	Recommend to EMMI General Assembly	Recommend to EMMI Board of Directors	Propose	Inform	Inform	Inform	Consult — Inform
Code of Obligations of Panel Banks (COPB)	Inform	Inform	Approve	Propose	Inform	Consult — Inform	Inform	Consult — Inform
Code of Obligations of Calculation Agent (COCA)	Inform	Inform	Approve	Propose	Consult — Inform	Inform	Inform	Consult — Inform
Benchmark Determination Methodology (BDM)	Inform	Inform	Approve	Propose	Inform	Consult — Inform	Consult — Inform	Consult — Inform

Table A: Authorities and Responsibilities over the Eonia® Governance Framework components



EONIA® SPECIFICATION

The Eonia® specification contains two elements:

- The Underlying Interest which Eonia® seeks to represent, and
- The Determination Methodology used to measure that Underlying Interest.

The Underlying Interest for Eonia® is stated as:

Eonia® represents the rate at which banks of sound financial standing in the European Union and European Free Trade Area lend funds in the overnight interbank money markets in euro.

The Determination Methodology for Eonia® describes its technical features, including the nature and sources of data and the calculation methods, under both normal and contingency circumstances. This Determination Methodology is described in the **Eonia® Benchmark Determination Methodology** component of the Framework.

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