

Meeting Minutes

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| Meeting Title | Steering Committee Meeting |
| Date and Time | 24 January 2018 |
| Location | Brussels, EMMI meeting room 1 |
| Attendees | A.COVIN ; F. HEBEISEN; D. LE MASSON; C. MERKEL; T. MIRONCZUK; A. PAFILI; V. VAN DESSEL; JM. VERDUGO; V. TSONCHEV (by call) |
| Excused | A.BIEWALD; J. BESUIJEN |
| Quorum | 8 voting members out of 10 |

| Agenda Item | |
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| | On 23 rd January 2018, EMMI organized a working dinner for Steering Committee members. During this dinner, Mr Karel Van Hulle, Chairman of the Conflicts of Interest Oversight Committee, gave a training on conflict of interests. |
| ITEM 1 CONFLICTS OF INTEREST | <p>Discussion Points :</p> <p>The ad interim Chairman reminded everyone that Members of the Steering Committee are appointed on a personal basis and should not be subject to instructions from the company/organization they are affiliated to (if any). Members are personally responsible to recuse by relevant decision making in the event a conflict of interest situation might arise.</p> <p>The members had no conflict of interest to declare.</p> |
| ITEM 2 MINUTES OF THE PREVIOUS MEETING | <p>Discussion Points :</p> <p>The members agreed with the following changes:</p> <ul style="list-style-type: none"> - Item 3: Add the following sentence “The Steering Committee asked the ECB about the unexpected bump in EONIA fixing, if all procedures and policies were followed according to the rules, and all checks were performed by the Calculation Agent. The ECB confirmed all procedures were duly applied and that all checks were performed. The SteerCo was satisfied with this reassurance..” - To add the following sentence: “On 29th November, the Secretariat organised a working dinner for SC members during which the following topics were discussed: <ul style="list-style-type: none"> - Updated communication plan; - Regulatory & supervisory issues; - ECB statistics on unsecured euro money market - Call for interest for the private public working group on euro risk free rate” <p>Decision and votes :</p> <p>Minutes of the previous meeting were approved unanimously.</p> <p>Action points :</p> <p>To update the minutes of previous meeting and publish it on the website</p> |

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| <p>ITEM 3</p> <p>REGULATORY AND SUPERVISORY ISSUES</p> | <p>Discussion Points :</p> <p>Reference is made to note D0012A-2018.</p> <p>Ms G. MARQUES explained the content of the letter received from the FSMA and expressing the Euribor/Eonia College position regarding the application of BMR art. 16 (provisions directly applicable to contributors) as of January 2018.</p> <p>She indicated that the key elements to keep in mind are that <u>(1)</u> contributors must comply with BMR art. 16 as of 1 January 2018 <u>(2)</u> supervised contributors are responsible for art.16 but not for art.15. In other words, if the administrator doesn't publish a Code of Conduct that is not in line with art.16 under the transitional provisions, supervised contributors cannot be held responsible for it.</p> <p>Eonia Panel Banks have already been informed during a call and received a copy of the letter from the FSMA.</p> <p>She explained that EMMI had a meeting with ESMA and will have a meeting with the FSMA.</p> <p>Decision and votes :</p> <p>n/a</p> <p>Action points :</p> <p>n/a</p> |
| <p>ITEM 4</p> <p>COMPLIANCE OF PANEL BANKS</p> | <p>Discussion Points :</p> <p>Ms G. MARQUES informed SC members that 19 out of 20 banks in the panel sent their 2017 Declaration of Adherence. When all the declarations are received, EMMI will publish the list of banks on its website. At a next meeting, SC members will receive an update on the external review reports received and critical points, if any.</p> <p>Decision and votes :</p> <p>n/a</p> <p>Action points :</p> <p>To publish the list of the 2017 Declaration of Adherence on the website.</p> |
| <p>ITEM 5</p> <p>EONIA BENCHMARK OVERSIGHT</p> | <p>Discussion Points :</p> <p>Mr. V. TSONCHEV (ECB) presented the EONIA Contribution Process Quality Report for November and December 2017.</p> <p>In November, EONIA was always published on time and calculated according to the input received. In total, there was three instances in which a bank submitted a multiple contribution on the same day.</p> <p>Decision and votes :</p> <p>n/a</p> <p>Action points :</p> <p>n/a</p> |

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| <p>ITEM 6</p> <p>INTERNAL PROCEDURE FOR THE OVERSIGHT OF THE EONIA DETERMINATION PROCESS</p> | <p>Discussion Points :</p> <p>Mr. A. Lopez presented EMMI’s Internal Procedure for the oversight of the EONIA benchmark determination process which needs to be approved by SC members. It is an operational guide with the aim of identifying clear, structured and documented responsibilities and escalation plans within EMMI for the oversight of the EONIA calculation process and of the aspects related to the integrity and transparency of the benchmark determination. He reminded members that this operational guide already exists for Euribor.</p> <p>SC members would like to make some modifications and have more clarification from the ECB on certain topics. Also, they would like to understand why SC members should approve internal procedures. Therefore, Ms G. MARQUES suggested to make a presentation on roles and mission of the Steering Committee during the next meeting.</p> <p>Decision and votes :</p> <p>SC members asked from a “corporate law” perspective, if it was in the SC duties and responsibilities to approve an internal EMMI procedure. EMMI correctly chose to deep-dive in the matter and report in a following meeting.</p> <p>Action points :</p> <ul style="list-style-type: none"> - To make a clear presentation on roles and mission of the Steering Committee - To approve the Eonia procedure |
| <p>ITEM 7</p> <p>COMPOSITION OF THE EUIBOR AND EONIA PANEL</p> | <p>Discussion Points :</p> <p>There has been no change to the composition of the Euribor and the Eonia panels.</p> <p>Decision and votes :</p> <p>n/a</p> <p>Action points :</p> <p>n/a</p> |
| <p>ITEM 8</p> <p>EURIBOR BENCHMARK OVERSIGHT</p> | <p>Discussion Points :</p> <p>a) Benchmark Operations Overview: As regards the quality of the submission process, Mr D. COWEN reported that for the period October – December 2017, Euribor was always published on time with no instances of non-participation of panel banks. He highlighted an increase in the total number of late submissions, but qualified that these were spread across multiple banks, hence were not an indication of operational issues.</p> <p>b) Back-Testing Highlights : Mr D. COWEN presented the Euribor benchmark Data Integrity and Back-testing report covering the month of December 2017. There was a slight increase in the rate submission volatility that led to an elevated number of follow-up actions with panel banks.</p> <p>c) Underlying Market Monitoring: Mr D. COWEN presented the main findings of the Euro Money Market Report for Q3 2017. In summary, no significant developments had taken place in the underlying market since the previous report. He also presented highlights from the ECB’s money market statistical reporting dataset regarding market activity and rate levels in the underlying market.</p> |

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| | <p>Decision and votes : n/a</p> |
| | <p>Action points : n/a</p> |
| <p>ITEM 9 INTERNAL PROCEDURE FOR THE OVERSIGHT OF THE EURIBOR DETERMINATION</p> | <p>Discussion Points : Mr A. LOPEZ proposed the following changes to the existing version of the Internal Procedure for the oversight of the Euribor determination process document:</p> <ul style="list-style-type: none"> - Improved references to documents and contact details for quicker actions by staff when applying the procedure; - Add new Sections 2 – “Definitions” and 4 – “Oversight during holiday periods” - Replaced “Helpdesk Intervention Log” with “Calculation Issue Log”; - Replaced role IT Coordinator and Consultant with IT Officer; |
| | <p>Decision and votes : SC members took notes of the procedure but did not approve it (cf item 6)</p> |
| | <p>Action points : To approve the Euribor procedure</p> |
| <p>ITEM 10 EURIBOR PROJECT</p> | <p>Discussion Points : Ms P. DEDEYNE gave an update on the new hybrid methodology and explained the next steps in the coming months. She reminded that the Secretariat is preparing a testing phase, which will take place from 01/05/2018 to 31/07/2018. By the end of February, Panel Banks will receive:</p> <ul style="list-style-type: none"> - The calculation tool; - A document setting out the purpose, governance and timeline for the use of this calculation tool; - NDA for the testing phase; - An official invitation to participate in the testing phase. <p>Consultations:</p> <ul style="list-style-type: none"> • First consultation in the pre-testing phase, in February / March 2018. • Second round of consultation after the summer, upon the results of the testing phase. |
| | <p>Decision and votes : n/a</p> |
| | <p>Action points : n/a</p> |
| <p>ITEM 11 COMMUNICATIONS ON EURIBOR</p> | <p>Discussion Points : Ms A. FERNANDEZ gave an update on the state of play of Euribor compliance with the EU BMR. She explained that EMMI published a statement on EMMI’s commitment towards BMR compliance via a hybrid methodology along with a state of play of the methodology. EMMI should take this occasion as an opportunity to give a state of play of the key points regarding the hybrid methodology and to inform market participants</p> |

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| | <p>that a consultation paper describing all methodological details will be published in Q1 2018. She also explained that Panel Banks were already informed by call.</p> |
| | <p>Decision and votes : n/a</p> |
| | <p>Action points : n/a</p> |
| <p>AOB</p> | <p>Discussion Points :</p> <ul style="list-style-type: none"> - A working dinner the eve of SC meeting will be organized only if needed, for instance for specific trainings or heavy agenda for SC meeting. |
| | <p>Decision and votes : n/a</p> |
| | <p>Action points : n/a</p> |