

51st MEETING OF THE EURIBOR STEERING COMMITTEE
–Conference call, 11 January 2015, 2:00pm – 4:00pm CET –

Revised Minutes

The Chairman, Mr G. RAVOET thanked all participants for joining the conference call.

A list of participants is hereby attached.

1. EONIA BENCHMARK OVERSIGHT (November and December)

Mr V. TSONCHEV presented the EONIA Contribution Process Quality Report for November and December 2015. In November and December, the Eonia benchmark was published on time and in accordance with the input received.

Mr M. GUTH informed the Members of the creation of a Task Force in the context of the Eonia review. Its main goal being the review of the governance framework and technical features of the Eonia benchmark. Among the short-term deliverables is a stand-alone Code of Conduct in line with the EU regulation. For that purpose, the Task Force will also have to define fallback arrangements in the event of insufficient number of contributors (probably leading to an insufficient transactional volume).

2. COMPLIANCE WITH REGULATORY AND SUPERVISORY STANDARDS

Mr G. RAVOET presented the latest developments of the Euribor reform and the workplan.

He informed the Members that after a tender process for an internal auditor, the EMMI Board of Directors has selected KPMG.

The revised Euribor Code of Conduct was implemented on 1 October 2015. Panel Banks were expected to declare their compliance with the revised Euribor Code of Conduct by 30 November 2015. At this stage, all 23 Panel Banks have submitted their signed Declarations of Adherence to the revised Euribor Code of Conduct. EMMI will publish a list of panel banks who signed the Declaration of Adherence.

He also provided an update on the Quarterly Money Market Turnover Data Survey conducted by EMMI to achieve partial compliance with IOSCO Principle 7. The large majority of Panel Banks have submitted their data.

Finally, he informed the Members that the follow-up review of the Calculation Agent had been conducted in the beginning of December. The results of the review are expected by Q1 2016.

3. TRANSACTION BASED EURIBOR STATE OF PLAY

Mr M. GUTH gave an update on the state of play of the transaction-based Euribor (i.e.: Euribor+ project). He updated the Members on the Euribor Roundtable meetings that have been taking place in key countries or financial centres with an important use of the Euribor benchmark. The purpose of these meetings was to present the new transaction-based methodology and answer as many questions as different institutions and organizations could have. The last Euribor Roundtable meeting will take place at the end of January, before the deadline to answer to the consultation on 29 January 2016.

On the basis of the feedback received on the *Consultative Position Paper on the Evolution of Euribor*, EMMI will address the pending methodological and infrastructural issues. Final decisions will be formalized in the forthcoming Code of Conduct for the transaction-based Euribor.

In addition, Members discussed possible ways forward to enlarge the composition of the Euribor panel.

Mr M. GUTH reminded the Members that a workshop with Euribor Panel Banks is scheduled for 14 January 2016 in order to provide Panel Banks with an update of the project and address any remaining questions prior to the close of the consultation period. The invitation has also been extended to the Eonia panel banks, as it could be a good opportunity to present the transaction-based Euribor to them as part of EMMI's continued Panel Bank solicitation process efforts.

4. REGULATION ON BENCHMARKS

Mr G. RAVOET informed the Members that the Belgian Parliament approved in December a law that will enable EMMI to become a supervised entity during the first half of 2016. However, under Belgian Law, a Royal Decree implementing the law should still be published prior to the start of the authorization procedure for EMMI as the administrator of Euribor.

He also reminded the Members that on 4 December 2015, the European Commission, the European Parliament and the Council of the European Union reached an agreement on the EU Regulation for indices used as benchmarks in financial instruments and financial contracts. The text of the proposal is currently under review by lawyer-linguists. A plenary vote in the European Parliament has been tentatively scheduled for April 2016.

5. RISK ASSESSMENT ON THE EURIBOR+ PROJECT

Ms E. MARINO presented the first Risk Assessment Report on the management and implementation of the Euribor+ Project. She explained that the three main risks linked to the project are a potential lack of engagement from Panel Banks in the transition towards a transaction-based Euribor, a potential lack of support or market acceptance of the revised Euribor specification, and the failure of Panel Banks to adapt their IT systems to the new IT requirements in due course.

6. EURIBOR BENCHMARK OVERSIGHT (November and December)

a) Operations Overview:

Mr C. CUSTINNE presented the Euribor benchmark dashboard covering the months of November and December 2015, featuring key indicators of the benchmark operations including, but not limited to, multiple and late contributions, pre- and post- calculation checks, and system reliability statistics. Furthermore, it was confirmed that Euribor rates were always published on time during the period and in accordance with input received. For the period under review, all Panel banks participated in the rate-setting process, each day; there was no occurrence of non-submittal by banks.

b) Back-Testing Highlights:

Mr C. CUSTINNE reported the highlights of the back-testing analysis for the months under review. Particular attention was raised on the significant reduction in submission dispersion in December, specifically at the two and three-month tenors.

c) Underlying Market Monitoring:

Mr A. LOPEZ presented the latest Euro Money Market Report and the new Quarterly Turnover Data Survey. These intend to, on the one hand, analyse trends in the Euro money markets that may affect current Euribor and Eonia benchmarks and, on the other hand, study the underlying transactional activity underpinning the determination of Euribor. During the meeting a major focus was given to the Quarterly Turnover Data Survey: members were presented the levels of transactional activity of participating Panel Banks for the period 2013 Q3 – 2015 Q5 and asked for their interpretation of the results.

7. EURIBOR INTRADAY REFIXING DRAFT PROCEDURES

Members discussed the implementation and operational procedures of the Euribor intraday re-fixing policy. In this context, the Secretariat considered writing an addendum detailing the procedures applicable for the implementation of the Euribor Intraday Re-fixing Policy. This would include criteria to justify the correction of any error disclosed by any of the parties involved (i.e. contributing banks, calculation agent and publication agent). The implementation of the Euribor re-fixing is still being assessed by the EMMI Secretariat in collaboration with the Calculation Agent.

8. COMPOSITION OF EURIBOR AND EONIA PANELS

Mr G. RAVOET informed the Members that Nordea withdrew from the Euribor Panel on 18 December 2015. As a result, the Euribor panel is now composed of 23 banks.

As already discussed under item 3, Members agreed on the need to have a broad panel when transitioning towards a transaction-based Euribor. Mr G. RAVOET informed the Members that EMMI had contacted public authorities with the purpose of underlining the importance of keeping a large panel and of reminding them that withdrawals from the panel may imply severe consequences for financial stability and undermine the transition towards a transaction-based methodology for Euribor.

No changes have taken place in the composition of the Eonia panel, still composed of 35 contributing banks.

9. END-USER DISCLAIMER

A member of the Steering Committee suggested to modify the website disclaimer in order to have a proper benchmark's use. The following modification was suggested:

EMMI ~~advises~~ reminds users of EMMI benchmarks (Euribor and EONIA) ~~to regularly assess that the benchmark used is appropriate, suitable and relevant for the targeted market to put in place their own contingency provisions in the event any of the benchmarks is not available or in case of benchmark discontinuation. To further improve the quality, transparency, and robustness of Euribor and EONIA, EMMI is currently undergoing a reform of its benchmarks — with the transition to a transaction-based Euribor and the review/enhancement of EONIA.~~

Steering Committee Members unanimously approved the proposed modification. The EMMI Secretariat will update the end-user disclaimer on the website accordingly.

Enclosures: D0019B-2016-List of participants

**51st MEETING OF THE EURIBOR STEERING COMMITTEE
-Brussels, 11 January 2016, 14h00 – 16h30 CET by Conference Call-**

LIST OF PARTICIPANTS

Chairman

Mr Guido RAVOET

EMMI Secretary General

Members

Mr Jac BESUIJEN

Mr Andreas BIEWALD

Mr Olivier BRISSAUD

Mr Alberto COVIN

Ms Catherine FARRER

Mr Franck HEBEISEN

Mr Karel LANNOO

Mr Cyril MERKEL

Ms Agathi PAFILI

Mr Vincent VAN DESSEL

Mr José María VERDUGO

EMMI

Mr Corentin CUSTINNE

Ms Andrea FERNANDEZ

Mr Mirko GUTH

Mr Alberto LOPEZ



Guest

Mr Vladimir TSONCHEV

European Central Bank

Apologies

Mr Bruno COLMANT