

**50<sup>th</sup> MEETING OF THE STEERING COMMITTEE  
– Brussels, 10 November 11:00 am to 4:00 pm CET –**

**Revised Minutes**

The Chairman, Mr G. RAVOET thanked all participants for attending the meeting.

A list of participants is hereby attached.

**1. EONIA BENCHMARK OVERSIGHT (August, September and October 2015)**

Mr V. TSONCHEV presented the EONIA Contribution Process Quality Report for August, September and October 2015.

The Eonia benchmark was published on a timely manner, before 7 PM every day in August, September and October and in accordance to the input received. Notwithstanding, Mr TSONCHEV highlighted that there were few instances when banks were not reachable in the context of random checks in August and September probably due to less human resources in the office in the light of the holiday season. He reminded that banks should always have reachable contacts until the publication of EONIA. He insisted that in order to avoid any manual intervention from the ECB in the GRSS system, the forthcoming revision of the Code of Conduct should give further guidance as to how Panel Banks should implement their validation processes when contributing in the system and how the ECB should respond to any deviation.

In addition, he pointed out that EMMI should consider providing guidance to Panel Banks with regard to the treatment of reported Eonia transactions that do not settle. The technical features for the Eonia calculation do not specify explicitly whether the reported volume considers only agreed transactions or also settled transactions. It could be useful to make such a clarification in the context of the Eonia Review.

Members discussed the drop in Eonia volumes and recommended that the Eonia Task Force assesses the possibility of introducing fallback rules and contingency arrangements in the revised Code of Conduct

**2. COMPLIANCE WITH REGULATORY AND SUPERVISORY STANDARDS**

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

He informed the Members that the Secretariat is completing a process mapping for all EMMI operational processes to identify the risks and controls. The tender process for the appointment of an internal auditor is ongoing. The appointment is expected for December 2015<sup>1</sup>.

The revised Euribor Code of Conduct was adopted by the EMMI governing bodies in September 2015 and implemented by 1 October 2015. Panel Banks should declare their compliance with the revised Euribor Code of Conduct by 30 November 2015.

In addition, EMMI has begun conducting a Quarterly Money Market Turnover Data Survey to achieve partial compliance with IOSCO Principle 7. The results of the survey will be used by EMMI to monitor the euro unsecured interbank borrowing and lending activity. The majority of the banks have submitted their transactional data as part of the first survey.

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<sup>1</sup> In the meantime, KPMG has been selected as the internal auditor.



Finally, he gave an update on the new GRSS system release launched in September which provided EMMI with enhanced reporting and monitoring capabilities.

### **3. TRANSACTION BASED EURIBOR STATE OF PLAY**

On 30 October 2015, EMMI published on the website the *Consultative Position Paper on the Evolution of Euribor*<sup>2</sup>. In addition, as per the EMMI Benchmarks Consultation Policy<sup>3</sup>, EMMI distributed the document among all EMMI benchmarks' subscribers, data vendors, major trade associations, public authorities and current and former Euribor Panel Banks. The deadline to give feedback on the consultative questions is Friday 29 January 2016.

EMMI believes that the involvement of all market participants, financial services regulators, benchmark users, and other interested parties is of outermost importance to ensure a smooth transition. In this context, as part of the stakeholder outreach programme, EMMI is currently organizing national Euribor Roundtable meetings in key countries or financial centers with an important use of the Euribor benchmark (i.e. US, France, Germany, Italy, Spain, UK, Portugal, Finland etc).

These workshops are aimed at presenting to National Authorities (including Central Banks and other stakeholders) the transaction-based determination methodology for Euribor and the envisaged transition plan in order to facilitate market preparedness.

### **4. IOSCO REVIEW ON EURIBOR**

Following the request for the second Review of IOSCO Principles received by EMMI, the IOSCO Review Report is expected to be published early 2016.

In alignment with the instructions specified by IOSCO, EMMI provided information or a response to a Key Question for a respective Principle only where there has been a change to the answer provided to that question when compared with EMMI's response to the First IBOR Review.

EMMI acknowledges that it shall continue with its efforts to anchor Euribor in real market transactions as a means of achieving full compliance with Principles 6 (Benchmark Design), 7 (Data Sufficiency) and 9 (Transparency of Benchmark Determinations).

### **5. REGULATION ON BENCHMARKS**

Mr G. RAVOET briefed the Members on the latest status of the forthcoming Benchmark Regulation. It is expected that the EU Regulation on Benchmarks will enter into force by Q2 2016. He explained that ESMA will draft the Level 2 guidelines with respect to aspects such as the definition of a critical benchmark.

Members insisted on the need to have the forthcoming regulation in place as soon as possible and the necessity for EMMI to be a supervised entity to enable the introduction of a transaction-based methodology for Euribor.

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<sup>2</sup> Consultative Position Paper on the Evolution of Euribor

[http://www.emmi-benchmarks.eu/assets/files/Euribor\\_Paper.pdf](http://www.emmi-benchmarks.eu/assets/files/Euribor_Paper.pdf)

<sup>3</sup> EMMI Benchmarks Consultation Policy

<http://www.emmi-benchmarks.eu/assets/files/D0365C-2014-EMMI%20Consultation%20Policy-procedures.pdf>

Mr G. RAVOET informed the Members that a draft Legislation was examined by the Belgian Parliament which would enable the FSMA, the Belgian Supervisory Authority, to supervise Euribor in the first half of 2016, prior to the introduction of the EU Regulation on Benchmarks.

## **6. RISK MANAGEMENT**

Via delegated authority from EMMI's Board of Directors, the Steering Committee has a key role in the oversight and management of risks arising from the benchmarks administration.

Ms E. MARINO gave a presentation on the roles and responsibilities of the Steering Committee within the Risk Management Framework, as well as a first risk assessment report on Euribor benchmark administration. In particular, the Steering Committee shall monitor the management of risks related to the administration, calculation and publication of Euribor. As part of its risk management responsibilities, the Steering Committee shall adopt, review, and approve changes to the Euribor control framework, which is designed to ensure the integrity and quality of the determination of the benchmark and mitigates the associated risk exposures; as well as in conjunction with the EMMI Secretariat recommend risk management matters for consideration to the EMMI Board of Directors and General Assembly.

## **7. CALCULATION AGENT REVIEW**

Ms. G. MARQUES presented an update on the implementation of remedial actions by the calculation agent, GRSS, as a result of the 2014 external review. A large majority of the recommended remedial actions have been addressed and completed.

She informed the Members that a follow-up review will be conducted by Promontory as part of the next annual review to take place in November-December, 2015<sup>4</sup>. She gave an update to the Members on the 2015 external review plan.

## **8. EURIBOR BENCHMARK OVERSIGHT (September and October)**

### **a) Operations Overview:**

Mr A. LOPEZ presented the Euribor benchmark dashboard covering the months of September and October 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.

In October, Euribor was not published on time on one occasion due to a Panel Bank contribution issue in the 6-month and 9-month tenor where contributed rates were rounded to 3 decimal places instead of 2 decimal places. As a result, the Calculation Agent extended the publication time by 15 minutes. On all other days, the 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 A. LOPEZ reported the highlights of the back-testing analysis for the months under review.

### **c) Underlying Market Monitoring:**

Mr A. LOPEZ updated the Steering Committee members on the status of the data collection in the context of the Quarterly Turnover Data Survey. Eighteen out of the twenty-four banks that currently compose the Euribor Panel

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<sup>4</sup> The follow-up review of the Calculation Agent has taken place in the meantime and the report of the findings is currently being finalized.



have already submitted their data. The EMMI Secretariat expects to receive further contributions in the coming days. As part of the Euro Money Market Report, Steering Committee members were informed that while the 6-month tenor finished the month of October 2015 with a fixing of 0.006, on November 4, it was fixed at 0.00 and then dived into negative territory.

## **9. COMPOSITION OF EURIBOR AND EONIA PANELS**

Mr G. RAVOET informed the Members that there have been no changes in the composition of the Euribor and Eonia panels, composed of 24 and 34 banks respectively.

Members acknowledged that the composition of the Euribor panel should be enhanced in the transition towards a transaction based Euribor.

To this end, EMMI will take the opportunity of the Euribor Roundtable Tour to be undertaken in November, December, and January to continue with the panel bank solicitation process.

## **10. TENTATIVE CALENDAR FOR 2016 STEERING COMMITTEE MEETINGS**

Members were informed of the tentative calendar for 2016 Steering Committee meetings to be held on a bi-monthly basis.

## **11. ANY OTHER BUSINESS**

No other topics were discussed.

Enclosures: D0392A-2015-List of participants