

**46<sup>th</sup> MEETING OF THE EURIBOR STEERING COMMITTEE**  
**–Brussels, 11 February 11.00am to 3.30pm CET –**

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**Revised Minutes**

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

Mr G. RAVOET gave an update to the Members on the latest changes in the Euribor Steering Committee composition. He informed the Members that the nomination of Mr Vincent Van Dessel, CEO Euronext had been accepted and he was a new Member of the Euribor Steering Committee. He recalled the Members in order to enhance the Committee's composition one more candidate should be confirmed.

A list of participants is hereby attached.

**1. DECLARATIONS OF INTERESTS BY EURIBOR STEERING COMMITTEE MEMBERS**

Mr G. RAVOET informed the Members that the Conflicts of Interest Oversight Committee (CIOC) recommended to review the format and content of the Declarations of Interests for Euribor Steering Committee Members available on the EMMI website. The revised declarations of interests should include the definition of conflicts of interest and a non-restrictive list of potential conflict of interest situations for Euribor Steering Committee Members.

Members were invited to sign such declarations which will be publicly available on EMMI's website.

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

Mr G. RAVOET gave an update to the Members on the most recent developments undertaken by EMMI in the context of the Euribor Reform. He explained that the CIOC had recently finalised a mapping of conflict of interest situations and remedial actions.

He informed the members on the discussions carried out by the Euribor Technical Advisory Group on data sufficiency and on the collection of underlying market data information as required by IOSCO's Principle 7 on Data Sufficiency.

He gave an overview of all the policies and procedures adopted at EMMI level. He explained to the Members that the external audit to the calculation agent had also been conducted.

Finally, he informed the members that EMMI was currently working on the implementation of a risk management framework.

**3. REGULATION ON BENCHMARKS**

Mr G. RAVOET gave an update to the Members on the state of play of the European Regulation for Benchmarks used as Financial Indices. He explained that the latter developments on the Regulation provided a greater degree of responsibility to the benchmark submitters, in particular with regard to the identification of breaches of the Market Abuse Regulation (MAR). He expressed that following the latest developments the threshold to impose mandatory contributions as proposed in the Proposal from the European Commission would be eliminated.

Members agreed that currently there are no incentives for banks to remain in the panel and given the importance of Euribor to financial stability this aspect should be addressed.

Finally, Mr G. RAVOET expressed his concerns with regards to the complexity of the proposed supervisory mechanism and the lack of an EU legal act supporting the transition from a critical to a new transaction-based benchmark. Such an absence of explicit public sector support could favour that the implementation of a transaction based benchmark is undertaken through a progressive evolution of Euribor.

While the vote in the ECON Committee is expected to take place on March 2015, the Regulation will not be enforced before the end of 2015.

#### **4. EXTERNAL AUDIT REPORT**

Mr G. RAVOET recalled the Members that KPMG conducted EMMI's external audit from 17 to 28 November 2014. The scope of the external audit covered EMMI's compliance with its statutes, the EBA/ESMA recommendations and IOSCO Principles for the period from 1 January 2014 to 15 November 2014.

Mr G. RAVOET informed the Members that while KPMG is currently finalising the full audit report, the outcome of the report is rather positive as no major deficiencies have been identified.

Moreover, in the meantime, KPMG provided EMMI with several recommendations related to the Euribor governance and control framework. These recommendations will be addressed under the issue management policy and reported in the future to the Steering Committee with proposed remedial actions and timeframes. An executive summary of the main findings of the external audit will be promptly available at EMMI's website.

#### **5. ISSUE MANAGEMENT REPORT**

Mr G. RAVOET presented the issue management policy aimed at tracking and recording all regulatory reviews, recommendations, external and internal reviews, recommendations from the Steering Committee or any issue raised through the complaint process, in order to give an appropriate follow up.

Members requested to have an updated version at the next Steering Committee meeting as this policy gives an overall view of the recommendations to be implemented and the progress achieved so far.

#### **6. OUTCOME OF WORKSHOP WITH EURIBOR PANEL BANKS**

Mr G. RAVOET informed the Members that EMMI had hosted a workshop with Euribor panel banks to present and discuss the feasibility of incrementally evolving current Euribor towards a transaction-based methodology as envisaged in the Euribor+ project.

Undertaking the implementation of an index based on actual transactions, adapted to current euro money market conditions, through a progressive evolution of Euribor would reduce the transition risks.

Mr G. RAVOET informed the Members that EMMI will launch a broad consultation among all stakeholders shortly concerning the evolutionary path of Euribor.

Other topics such as the compliance with IOSCO Principles 7 on Data Sufficiency and Principle 9 on Transparency were also addressed during the panel bank workshop.

## **7. MONTHLY OVERVIEW OF CALCULATION PROCESS**

Mr C. CUSTINNE presented a new dashboard which gave an overview of the key indicators of the Euribor calculation process to the Steering Committee members. Amongst others, he reported on multiple and late contributions, pre- and post- calculation checks, submission errors (if any) and the outliers. Members suggested that along with the existing key indicators, this dashboard should also report on any impacts of a submission error on the final fixing.

## **8. BACK-TESTING**

Members were informed on the back-testing analysis of Euribor contributions for the month of December 2014. Members observed that while quote volatility slightly decreased in the longer tenors, there was a slight increase in the shorter tenors due most likely to year-end effects. In addition, participants discussed the dispersion of quote submissions over the different tenors.

## **9. LEVEL AND USE OF EURIBOR AND EONIA**

Members discussed the evolution of the Euribor for the 1-month, 3-month and 12-month tenors and the evolution of the Eonia fixing. They acknowledged that negative rates hinder the revitalization of the unsecured interbank market.

## **10. COMPOSITION OF EURIBOR AND EONIA**

Members discussed that the Euribor panel is currently composed of 25 panel banks and at this stage no further withdrawals are expected. Notwithstanding, it was agreed that further progress is needed on the development of the Euribor+ transaction-based index.

With regards to the Eonia panel, it is composed of 35 banks and no withdrawals are expected.

## **11. EONIA**

Mr H. NEUHAUS presented the EONIA Contribution Process Quality Report for December 2014 and January 2015.

While the month of January 2015 was characterized as rather uneventful, which was a good sign, December 2014 comprised a higher number of ECB manual interventions. Indeed, ECB staff responsible for the calculation of EONIA faced some difficulties reaching panel bank's staff over the holiday season to get rate confirmations. It was emphasized that staff working during the festive season banks seemed to not always be sufficiently aware of or familiar with the procedures.

Finally, it was agreed that EMMI should reach out to a particular panel bank regarding a standing issue of multiple contributions. This was addressed since the writing of these minutes.

Enclosures: D0014A-2015-List of participants

**46th MEETING OF THE EURIBOR STEERING COMMITTEE  
-Brussels, 11 February 2015, 10h30 – 15h00 CET –**

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**LIST OF PARTICIPANTS**

**Chairman**

Mr Guido RAVOET

EMMI Secretary General

**Members**

Mr Olivier BRISSAUD

Mr Alberto COVIN

Mr José María VERDUGO

Mr Jac BESUIJEN

Mr Bruno COLMANT

Mr Karel LANNOO

Ms Agathi PAFILI

Mr Andreas BIEWALD

Mr Philippe JEANNE

(by conference call)

**EMMI**

Ms Andrea FERNANDEZ

Mr Corentin CUSTINNE

Mr Mirko GUTH



**Guest Observer**

Mr Anthony MURPHY

Promontory

**Guest**

Mr Holger NEUHAUS

European Central Bank (by conference call)

**Apologies**

Mr Vincent VAN DESSEL