

6<sup>th</sup> June 2018

## CESSATION OF EURIBOR TENORS

Euribor is currently calculated and published on a daily basis for 8 maturities. As part of its ongoing efforts in the context of the Euribor Reform, and upon the outcome of the stakeholder consultation published on 26 March 2018, EMMI's governing bodies have approved the **cessation of the 2 week, 2 month and 9 month tenors as of 3 December 2018.**

Following the European Benchmarks Regulation<sup>1</sup>, which entered into application on 1 January 2018, benchmark administrators shall review the benchmark definition and methodology at least annually to ensure they accurately reflect the economic reality the benchmark intends to measure. Moreover, as per recommendations from European Supervisory Authorities<sup>2</sup>, benchmarks with a vast number of maturities should focus on those with the highest use and volume of transactions. In this context, on its [Consultation Paper on a Hybrid Methodology for Euribor](#), EMMI recommended to reduce the number of tenors, as this would also have the benefit of simplifying the submission process.

From September 2016 to February 2017, EMMI ran a Pre-Live Verification Exercise aimed at testing the feasibility of a fully transaction based methodology for Euribor. This exercise entailed an in-depth analysis of the underpinning market activity. Its outcome confirmed the low levels of activity in the underlying market which the 2 weeks, 2 months and 9 months intend to represent. In addition, following the consultation feedback received, the reliance on contracts and instruments pricing these tenors is also less significant. Hence, the majority of the respondents agreed with EMMI's proposal to discontinue these tenors.

To this end, in order to enable appropriate market preparedness, EMMI wishes to provide sufficient time to allow for contractual arrangements<sup>3</sup>, if deemed necessary.

**Consequently, as of 3 December 2018, the Euribor benchmark will be calculated and published for the following defined tenors: 1 week, 1 month, 3 months, 6 months and 12 months.**

By the end of June, EMMI will be publishing a summary of the feedback received on all other topics addressed as part of the Consultation.

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### *Note for the editor:*

The European Money Markets Institute – EMMI (previously known as Euribor-EBF) is an international non-profit making association under Belgian law founded in 1999 with the launch of the Euro and based in Brussels (56, Ave des Arts, 1000 Brussels). Its members are national banking associations in the Member States of the European Union which are involved in the Eurozone. It manages European interbank benchmarks such as Euribor®/Eonia® along with the Short Term European Paper (STEP) transparency initiative.

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<sup>1</sup> EU Benchmarks Regulation <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32016R1011>

<sup>2</sup> <https://www.eba.europa.eu/documents/10180/534414/2014-207+ESMA-EBA+Review+of+Euribor+Recommendations.pdf>

<sup>3</sup> ISDA 2013 Discontinued Rates Maturities <http://assets.isda.org/media/c59cc4c3/3382748f-pdf/>