

Meeting Minutes

Meeting Title	65th Steering Committee Meeting
Date and Time	31st May 2018
Location	EMMI premises in Brussels
Attendees	A.COVIN ; A.BIEWALD; J. BESUIJEN ; F. HEBEISEN ; D. LE MASSON; C. MERKEL; T. MIRONCZUK; V. VAN DESSEL; JM. VERDUGO
Excused	A. PAFILI
Quorum	9 voting members out of 10

Agenda Item	
ITEM 1 CONFLICTS OF INTEREST	Discussion Points : The 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. The members had no conflict of interest to declare.
	Discussion Points : The members agreed with the suggested minutes.
ITEM 2 MINUTES OF THE PREVIOUS MEETING	Decision and votes : Minutes of the previous meeting were approved unanimously.
	Action points : To publish the approved minutes of March on the website
	Discussion Points : Ms P. DE DEYNE reminded members that some items during the last meeting needed to be followed-up. She confirmed that all the follow-up has been done accordingly. .
ITEM 3 FOLLOW-UP ON ACTION POINTS OF LAST MEETING	Decision and votes : n/a
	Action points : n/a
	Action points : n/a

<p>ITEM 4</p> <p>REGULATORY AND SUPERVISORY ISSUES</p>	<p>Discussion Points :</p> <p>Reference is made to note D0223A-2018.</p> <p>Ms P. DE DEYNE explained that the ECB published the summary of its second consultation on their euro unsecured overnight interest rate (ESTER—euro short-term rate)</p> <p>Members received an update on the work of the Working group on euro risk-free rates. EMMI participates actively as a member in all workstreams, namely WS1, whose objective is to establish criteria and make a recommendation on a suitable alternative (nearly) risk-free rate; WS2, whose objective is to identify and recommend a term structure on the selected RFR; and WS3, whose mandate refers to contractual robustness of legacy contracts.</p>
	<p>Decision and votes :</p> <p>n/a</p>
	<p>Action points :</p> <p>n/a</p>
<p>ITEM 5</p> <p>AUDIT REPORTS</p>	<p>Discussion Points :</p> <p>Ms G. MARQUES explained that the internal auditors evaluated the management of record keeping. The objective of this audit was to check that the record keeping processes were well set-up, implemented and controlled in order to comply with all applicable regulatory requirements. The assessment resulted in a low residual risk. It was just recommended to make more testing/controls on the quality of the calls.</p>
	<p>Decision and votes :</p> <p>n/a</p>
	<p>Action points :</p> <p>n/a</p>
<p>ITEM 6</p> <p>COMPLIANCE FRAMEWORK</p>	<p>Discussion Points :</p> <p>Ms G. MARQUES gave an update on the Compliance framework. She explained that EMMI has now a new Compliance Officer totally dedicated to the compliance function. This function will mainly focus on BMR, Corporate law, GDPR, Social law, Market Abuse, etc.</p>
	<p>Decision and votes :</p> <p>n/a</p>
	<p>Action points :</p> <p>n/a</p>
<p>ITEM 7</p> <p>EURIBOR PROJECT</p>	<p>Discussion Points :</p> <p>a) Euribor Project</p> <p>Members were informed of the progress of the Testing Phase for EMMI’s proposed hybrid methodology for Euribor. The Testing Phase started on 2nd May and will run until the end of July 2018. Panel Banks participating in the exercise had to devote resources to develop contribution methodologies under the specifications of Level 3, which were then collected by EMMI. Ms DE DEYNE confirmed the Testing Phase was running smoothly from a technical and operational point of view.</p>

	<p>b) Consultation on the Euribor methodology: discontinuation of individual publications, tenors; and Act/365 and 30/360 basis calculation</p> <p>Following the closing of the consultation period on 15th May 2018, Members received an account of the feedback received regarding three of the issues raised in the Consultation Paper:</p> <ul style="list-style-type: none"> - The discontinuation of the publication of individual panel bank contributions; - The discontinuation of the publication of the 2 weeks, 2 months and 9 months Euribor tenors; and - The discontinuation of the publication of the 30/360 and Act/365 basis calculations. <p>Mr A. LOPEZ indicated that EMMI had received 36 responses and that a full feedback summary would be published at the end of June, as planned. Given the support received to EMMI's proposals above, Members approved the discontinuation of publication of individual Panel Bank contributions, the cessation of the 2 week, 2 month, and 9 month Euribor tenors, and the discontinuation of the publication of the 30/360 and Act/365 basis calculations as of 3rd December 2018..</p> <p>Ms FERNANDEZ informed the Members that a public statement informing about the cessation of tenors would be published in the beginning of June in order to enable market preparedness and to provide sufficient time to allow for contractual arrangement if deemed necessary.</p>
	<p>Decision and votes : SC members agreed on the three discontinuations unanimously.</p> <p>Action points : To publish public statement regarding the cessation of 2 week, 2 month and 9 month Euribor tenors as of 3 December 2018. To publish the feedback summary to the Consultation Paper by the end of June.</p>
<p>ITEM 8 EURIBOR 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 February 2018 – April 2018, Euribor was always published on time with no instances of non-participation of panel banks. He highlighted a further decrease in the overall rate volatility in May from the levels observed in the previous months.</p> <p>b) Back-Testing Highlights : Mr D. COWEN presented the Euribor benchmark Data Integrity and Back-testing report covering the month of April 2018. Apart from one routine follow-up with a bank, there was nothing unusual to highlight.</p> <p>c) Underlying Market Monitoring: Mr D. COWEN presented the highlights from the Euro Money Market Report for Q1 as well as the latest release of the ECB's money market statistical reporting dataset regarding market activity and rate levels in the underlying market.</p> <p>Decision and votes : n/a</p> <p>Action points : n/a</p>

<p>ITEM 9 EONIA OVERSIGHT</p>	<p>Discussion Points :</p> <p>The EONIA oversight item was discussed in a follow-up call on 8th June 2018.</p> <p>Mr. V. TSONCHEV (ECB) presented the EONIA Contribution Process Quality Report for March, April, and May 2018.</p> <p>In March, EONIA was always published on time and calculated according to the input received. In total, there were four cases of multiple contributions.</p> <p>In April, EONIA was always published on time and calculated according to the input received. In total, there were two cases of multiple contributions.</p> <p>In May, EONIA was always published on time and calculated according to the input received. In total, there were two cases of multiple contributions, as well as one of a late contribution.</p> <p>The ECB, in its role as EONIA CA, provided an explanation on the issues on 10th May (see item 11).</p> <p>The ECB indicated that, in order for the determination process to run smoothly, they would advise EMMI to guarantee that the contact lists Banks provide remain updated.</p> <p>Decision and votes : n/a</p> <p>Action points : n/a</p>
<p>ITEM 10 INTERNAL PROCEDURE FOR THE OVERSIGHT OF THE EONIA DETERMINATION PROCESS</p>	<p>Discussion Points :</p> <p>In 2017, EMMI formalized the Internal Procedure for the oversight of the EONIA benchmark determination process. This document gives some operational guidelines in order to identify, structure, and document responsibilities and escalation plans within EMMI for the oversight of the EONIA calculation process.</p> <p>Decision and votes : SC members approved the revised procedure unanimously.</p> <p>Action points : n/a</p>
<p>ITEM 11 EONIA CONTINGENCY CALCULATION ON 10th MAY</p>	<p>Discussion Points :</p> <p>Members were informed of the calculation of EONIA under contingency on 10th May 2018. On that day, the number of non-zero volume contributors was less than the defined threshold, currently set at 4, and hence EONIA's fallback methodology was applied.</p> <p>Members were informed that due to a technical problem in the calculation system, the rate pushed to publication vendors at 18:46 CET did not reflect EONIA's contingency. The Calculation Agent identified the incorrect value on vendors' screens and alerted immediately EMMI and the system's technical helpdesk. The rate was then modified and corrected.</p> <p>Decision and votes : n/a</p> <p>Action points : n/a</p>

<p>ITEM 12 EONIA REFIXING/ REPUBLICATION POLICY</p>	<p>Discussion Points : Members discussed the appropriateness of a refixing/republication policy for EONIA. Currently the Calculation Agent contacts Panel Banks if/when necessary, when anomalies in the contributions are observed. This provides the Calculation Agent with an opportunity to avoid unusual reporting behavior ahead of publication. Members suggested the EMMI Secretariat to perform an analysis of the adequateness of such a refixing policy in the case of the EONIA benchmark, as a basis for discussion for the next meeting.</p> <p>Decision and votes : n/a</p> <p>Action points : EMMI Secretariat to analyze the appropriateness of a refixing/republication policy as a basis for discussion.</p>
<p>ITEM 13 COMPOSITION OF EUIBOR/EONIA PANEL</p>	<p>Discussion Points : There has been no change in the composition of the Euribor and the Eonia panels.</p> <p>Decision and votes : n/a</p> <p>Action points : n/a</p>
<p>ITEM 14 ANY OTHER BUSINESS</p>	<p>Discussion Points : It is suggested to reschedule the next SC meeting to Monday 2nd of July 2018, instead of 5th of July. SC members indicated a need to discuss and formalize role of observers within the SC</p> <p>Decision and votes : n/a</p> <p>Action points : To check SC members' availabilities to change the date of the next SC meeting.</p>