

Brussels, 28 September 2016

EMMI WELCOMES BENOÎT CŒURÉ'S SPEECH ON "REFORMING FINANCIAL SECTOR BENCHMARKS"

EMMI welcomes the speech on "[Reforming Financial Sector Benchmarks](#)" from Benoît Cœuré, Member of the Executive Board of the ECB, given on 27 September 2016 at the annual meeting of the Money Market Contact Group.

During the past three years, EMMI has been striving to enhance the robustness and transparency of its benchmarks, in particular of the Euribor benchmark, given its critical¹ use *inter alia* in a vast number of derivative contracts, retail mortgages and corporate loans².

As a cornerstone of the Euribor Reform, EMMI has been working on the development of a transaction-based methodology. In this context, EMMI is currently conducting a Pre-Live Verification Exercise in order to assess the feasibility of the transaction-based methodology for Euribor under the current market conditions.

As expressed by Mr CŒURÉ, *"For the pre-live verification – and eventually for the EURIBOR reform – to be a success, broad market representation has to be achieved. Therefore, not only should current panel members participate but also other banks in the euro money market. A lack of participants might seriously threaten the completion of the pre-live verification and ultimately the reference rate itself. Therefore, in view of the tremendous importance of benchmarks such as EURIBOR, the ECB would like to see banks take responsibility for the benchmark in two ways. Firstly, by participating in the pre-live verification and secondly, by eventually joining the panel of contributors to EURIBOR with the launch of the new calculation methodology."*

In the light of the importance of Euribor in the infrastructure of our economy, EMMI believes that participation to the Pre-Live Verification Program signals banks' commitment to the common endeavour of financial stability, in particular as a low participation in the Exercise may jeopardize the transition towards a transaction-based Euribor. To this end, EMMI still encourages banks to take their responsibility as major users of the Euribor benchmark and participate in this Exercise, working together towards a more robust and transparent benchmark in line with market, regulatory and consumer expectations.

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.

¹ <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R1368&from=FR>

² http://www.fsb.org/wp-content/uploads/r_140722.pdf?page_moved=1