



European Money Markets Institute

Euribor Transition Policy

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1. Introduction

The European Money Markets Institute (EMMI) Euribor Steering Committee adopted this Transition Policy (hereinafter “Policy”) on **15 December 2014**. It was endorsed by the EMMI General Assembly on **14 May 2015**. This Policy is applicable to the administration and operation of the Euribor benchmark.

2. Objective

EMMI recognizes the importance and significance of the Euribor benchmark to the strength and stability of the financial system. In order to ensure the integrity of the Euribor benchmark and provide for the continued stability of the financial markets, EMMI has developed the program outlined in this Policy to be executed in the event of the possible cessation of the Euribor benchmark or one or more of its tenors. This Policy applies to scenarios in which it becomes necessary to either temporarily or permanently suspend the calculation and publication of the Euribor benchmark due to circumstances, including but not limited to:

- Secular changes in underlying money markets which result in Euribor becoming less financially relevant or less feasible to produce accurately; and
- Prolonged execution of contingency scenarios that cannot be remediated within a reasonable timeframe, such as unacceptably low panel participation.

This Policy also applies to instances in which EMMI may decide it appropriate or necessary to suspend the calculation and publication of any one of the Euribor benchmark tenors as a result of any benchmark definition or calculation methodology changes.

3. General Principles

In designing, planning, and executing a transition from the Euribor benchmark, EMMI should have regard to the following:

- Recognizing that responsibility for successful transition design, planning, and implementation and execution lies not only with EMMI, but with key stakeholders such as benchmark providers, end-users, public authorities, and market utilities.
- Ensuring the strength and stability of the financial markets through the transition process;
- Recognizing the economic and financial impact that may result from the cessation of the Euribor benchmark;
- Encouraging subscribers and stakeholders who have financial instruments that reference the Euribor benchmark to both implement robust fall-back provisions in appropriate contracts and documentation in the event of cessation or material changes and make end-users aware of the risks of such cessation or modification;
- Conducting sufficient impact analysis to understand the scale and potential outcomes of any proposed changes or transition decisions

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- Integrating the transition-related views and guidance of any relevant competent regulatory bodies and/or supervisory agencies;
 - Once the EMMI governance bodies deem necessary to undertake a stakeholder consultation on transition issues (upon recommendation from the Euribor Steering Committee), prompt and appropriate notification will be given to stakeholders to respond to such consultation
 - In the event that a permanent suspension of the benchmark should be foreseen, after the outcome of a stakeholder consultation, the final decision should be taken by EMMI bodies (EMMI Board of Directors and EMMI General Assembly) upon recommendation from the Euribor Steering Committee.
 - Once a transition plan or final decision is taken by the EMMI governance bodies, such decision shall be publicly communicated with no delay.

3.1 Transition Task Force

Depending on the size and scale of a proposed Euribor-related transition or tenor cessation, the Euribor Steering Committee may deem it necessary to call for the establishment of a Transition Task Force. The Transition Task Force shall be primarily responsible for the planning, design, and implementation of any proposed transitions. Specifically, these responsibilities include, but are not limited to:

- Developing plans and proposals aimed at addressing the transition considerations described in Section D and other issues that may arise during the transition planning, design, and implementation phases;
- Organizing and conducting stakeholder consultations proportionate to the size and scale of the proposed transition and in line with the procedures and processes outlined in the EMMI Benchmarks' Consultation Policy;
- Conducting any necessary impact analysis; and
- Providing periodic updates to the Euribor Steering Committee, the EMMI Secretariat, relevant competent authorities and supervisory agencies, and other stakeholders.

The composition of the Transition Task Force will be determined by the EMMI Secretariat and primarily be composed of benchmark stakeholders, relevant legal and tax and accounting expertise and other parties deemed appropriate or necessary by the EMMI Secretariat or the Euribor Steering Committee.

In the event that the size and scale of a Euribor-related transition or tenor cessation does not necessitate the establishment of a Transition Task Force, the Euribor Steering Committee shall adopt the responsibilities described above.

3.2 Transition Considerations

In the event of the complete discontinuation of the Euribor benchmark or the cessation of one of the Euribor benchmark tenors, consideration should be given to these key elements of the transition design and implementation:

Identification of Alternative Benchmark(s) – When identifying possible alternatives, EMMI shall take into account feasibility of maintaining continuity with the existing benchmark and contracts that reference the existing benchmark, the extent to which the alternative meets the needs of stakeholders and end-user needs, adherence to regulatory and industry benchmark governance and design standards, and the impact of the use of the alternative on the financial markets and stakeholders. EMMI shall also address scenarios in which no alternative benchmark is identified, where contingency arrangements will be adopted as a temporary substitute.

Transition Paths – The transition design will be based on one of three transitions: (i) where the alternative benchmark can be considered an evolution of Euribor; (b) where the alternative benchmark has marked distinct features relative to Euribor; and (c) a controlled “wind-down” path where no alternative benchmark can be identified.

The transition implementation plan may involve, depending on the size and scale of the transition, an immediate transition to an alternative benchmark or a parallel transition period involving the maintenance of the Euribor benchmark alongside the calculation and publication of an alternative benchmark. The transition paths and their respective durations shall be informed by any impact analysis conducted, the views of any stakeholders and competent regulatory authorities and supervisory agencies, legal risks associated with transition, and the complexity of the transition.

Interim Arrangements – If deemed necessary, EMMI shall develop robust procedures and practices to ensure that the determination of Euribor is continued over an interim period in order to permit existing contracts to migrate to an alternative Benchmark if necessary.

Legal, Regulatory, Accounting, and Tax Implications – Consideration should be given, when identifying feasible alternative benchmarks and designing the transition path, to the legal risks involved in transition, including contract frustration, and the accounting and tax implications for end-users of transition to an alternative benchmark.

Infrastructure Requirements – Depending on the size and scale of proposed transitions, EMMI shall consider the development of new or re-purposed market utilities that may be needed to support alternative benchmarks. Additionally, internal systems at panel bank members, data vendors, and other stakeholders may need to be adapted to alternative benchmarks.

Role of the Official Sector and Relevant Third Parties – The role of the official sector, including governments, regulators, and corresponding international public sector bodies should be considered when mitigating the risks associated with transition. Additionally, relevant third parties should be incorporated into the planning, design, and implementation phases to aid the development of third party tools that may reduce transition risk, such as market protocols.

4. Stakeholder Consultation

EMMI shall engage stakeholders as early as possible, in the event a cessation of a Euribor benchmark tenor or the Euribor benchmark appears likely. The stakeholder consultations will be conducted in line with the EMMI Benchmark's Consultation Policy.

Consultations may be held during the planning, design, review, and implementation phases of the transition.

Consultation topics may include the selection of alternative benchmarks, differentiated impact assessments, required notice periods and transition durations, and provisions for the maintenance of Euribor during any interim transition period.