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Press Statement

“Euribor is an entirely satisfactory and reliable benchmark” Euribor-FBE Statement on current Euribor Rate Developments

At the last meeting of the Euribor Steering Committee in late May 2008, members announced their overall satisfaction with the performance of the benchmark, notwithstanding the current climate in European money markets. Furthermore, they envisaged to review and possibly enlarge the panel of contributing banks in the coming months, considering that this would further enhance the accuracy and reliability of the benchmark. All things considered, the consensus was and still is that the Euribor® serves its purpose in the marketplace.

The European Banking Federation (EBF) closely monitors the current marketplace in terms of **Euribor®**. This comes in the wake of heightened press coverage arising from some non-standard movements in some financial market rates commonly used as benchmarks.

Euribor® (Euro Interbank Offered Rate) is the rate at which euro interbank term deposits within the euro zone are offered by one prime bank to another. The EBF, which sponsors a number of these benchmarks¹ together with other market organisations, wishes to clarify the actual situation with respect to the Euribor benchmark in order to address the misconceptions which have been circulated in some press reports lately. One recurring misconception is that the LIBOR and Euribor® benchmarks are somehow related or inter-dependent; which is not the case. LIBOR is another benchmark calculated by a separate organisation.²

Euribor® is the benchmark for the large euro money market that has emerged since 1999. It currently comprises a panel of 43 contributing banks, primarily drawn from 12 of the ‘Eurozone’ countries and some other EU non-Eurozone states, plus international banks with a strong EU presence. The banks are included according to market criteria and first class credit standing; therefore the diversity of the euro money market is adequately reflected in the benchmark.

In terms of operating philosophy the Euribor® can point to a strict Code of Conduct which sets out the criteria for inclusion of banks in the panel. The Code of Conduct details the obligations resting on each bank, and outlines the tasks and composition of the Steering Committee which oversees the Euribor®. This independent Steering Committee closely monitors all market developments and ensures, by reviewing panel banks’ contributions on a regular basis, strict compliance with the Code of Conduct. The Committee has semi-annual meetings, however it can convene at short notice if and when needed.

¹ Euribor®, Eonia®, Eurepo® and Eonia Swap Index.

² For queries on the operating of the LIBOR it is recommended to contact the British Bankers’ Association www.bba.org.uk

The EBF continues to work in close cooperation with all its partners, such as the Euribor Steering Committee, ACI (Financial Markets Association) and Thomson Reuters³ on ways to enhance the benchmark, thus ensuring ever better accuracy. It was also recently agreed to publish a monthly average⁴ of Euribor® rates.

For enquiries on **Euribor®** please contact the EBF Secretariat:

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³ the exclusive official screen service provider responsible for computing and publishing **Euribor®**

⁴ Available on Reuters screen <EURIBORAVG01> and on www.euribor.org.