

D1026D – 2009

07.10. 2009

28th Meeting of the Euribor Steering Committee

- Brussels (EBF), 5 June 2009 (Friday), 10:00-12.30h CET -

DRAFT MINUTES

The Chair Mr. Guido Ravoet welcomed all participants and thanked the members for coming to the Steering Committee meeting, the main reason for which was to monitor and discuss the functioning of Euribor® and Eonia®.

1. Minutes of the previous meeting

The members approved the minutes from the last 27th meeting of this committee (which was held on 27 November 2008) and it was agreed that the minutes will be published online.

2. Matters arising from the previous meeting

It was noted that recent mergers of large European banks are changing the composition of the Euribor/Eonia panel of contributing banks and it was agreed that the Secretariat will monitor closely the developments and to make sure that the panel banks, in case both merging parties are on the panel, do not contribute internal transactions on Euribor.

Regarding the previous discussion on the USD Euribor fixing, the members suggested and agreed on the idea that a questionnaire will be prepared and distributed by the Secretariat to all panel banks. The Chairman remarked that any eventual USD Euribor should not put pressure on the British Bankers Association (BBA) and their USD Libor to extend their panel and accept more continental European banks.

3. Compliance of the panel banks with their obligations

The Secretariat provided the Steering Committee members with reports on panel banks' compliance with their obligations to Euribor/Eonia. The members reviewed the panel of contributing banks and expressed their satisfaction with the current composition. However,

for the sake of better coherence, it was suggested to prepare and put more graphs on the Euribor website as well as more and detailed information on the individual spreads.

4. Level and use of Euribor

It was noted that it will be good to know who of the contributors is quoting up and who is quoting down. Ms Sulin suggested that the Secretariat should contact Reuters in order to discuss the possibilities of providing such information in a readable and user friendly format on the Euribor website.

Additionally, members of the Steering Committee asked for the list of the people in charge of the contributions of the Euribor and Eonia. Members stressed that, in order to guaranty the quality of the indexes, the contributors must be really in charge on money market interbank operations and that derivative desks have to be excluded of the contributors.

5. Review of the Euribor definition

The members expressed their satisfaction with the level and use of Euribor, as well as the latest developments in the rate's public acceptance. However, the use of the "prime bank" notion in Euribor's definition was debated and it was agreed that the question remained open.

It was noted that banks do not have the same interpretation of a "prime bank" as the rating agencies, for example. During the discussion it was noted that rewording "prime bank" with "panel bank" will put too much pressure and responsibility on the Steering Committee for deciding who will be admitted on the panel and will not, whilst on the other hand leaving "prime" in the definition will refer too much to the rating agencies' grading criteria.

6. Level and use of Eonia

Ms Sulin reported on the important items discussed during the last meeting of the ACI Money Markets Liquidity Group (MMLG). There was a letter with specific recommendations from the ACI presented to the Euribor committee. Mr Sieveking gave a brief explanation on the situation of the German Landesbanks and the case with the overnight lendings there which led to a discussion about the role and share of these lending in the Eonia figures lately, as well as to a discussion about the term "interbank" in that sense, which should be regarded as "bank-to-bank".

It was suggested that, if the panel of banks is kept as it currently stands, Eonia volumes will come down gradually, therefore the panel should be expanded to include other banks. Mr Seignat was not in favour of changing the definition because of a temporary market dysfunction. Mr Sieveking explained how the "savings and landesbanks" model works in Germany, and the members agreed that a letter from the Chair Mr Ravoet should be sent to the ECB in order to find a suitable solution to this issue.

It was also agreed that a letter to all panel banks should be sent in order to stress on the importance of the fact that people responsible for the quotes and receiving the letter(s) are indeed the correct contact persons. Members also urged for transparency in the Eonia contributions, therefore it should be defined in the code of conduct who quotes what and

from which entity, although it was deemed too early for a precise definition. Asking panel banks to clearly separate their contributions was agreed to be sufficient for now

7. New panel bank(s) application(s)

The members reviewed and discussed the application of La Caixa, Spain for a seat in the panel. The application was approved and the Euribor Secretariat will initiate a process of including La Caixa in the panel of contributing banks.

8. Governance of the benchmarks

The members discussed the better examination, scrutiny and governance of the benchmark's reliability (e.g. daily checks, weekly reports, etc.). It was agreed that more governance will lead to better transparency.

9. Any other business

No other business was discussed.

10. Date and place of next meeting(s)

11 December 2009 (EBF, Brussels) - first meeting of the new committee

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LIST OF PARTICIPANTS

Mr Guido Ravoet (chair)

Mr Emil Gospodinov (secretariat)

Mr Paolo Bosio

Ms Jaana Sulin

Mr Alexandre Seignat

Mr Jose Verdugo

Ms Niki Soulopoulou

Mr Georg-Heinrich Sieveking

Ms Jillian Mahon (via conf call)