

30th MEETING OF THE EURIBOR STEERING COMMITTEE
- Brussels, 26 May 2010 -

Final Minutes

WELCOME

Mr C. QUEMENER welcomed the participants and thanked them for the high level of participation in this meeting. It was agreed that in the absence of Mr G. RAVOET, Mr C. QUEMENER would chair the meeting.

Mr C. QUEMENER introduced himself as the new Manager of Euribor-EBF and expressed his willingness to improve further the work of the Euribor-EBF Secretariat.

A list of participants is hereby attached.

1. MINUTES OF THE PREVIOUS MEETING

The final minutes of the previous meeting were approved without any further comments.

2. LEVEL AND USE OF EURIBOR AND EONIA

The participants were invited to comment on charts showing the evolution of short-term Euribor year-to-date compared to Eonia and the 3-M Euribor monthly averages in 2009 and 2010.

It was commented that Euribor was going slowly but constantly up and that Eonia would stay at the present level until the end of the year. There was further demand on the market for unsecured cash and investors were focused on short-term investments (weeks).

On the ECB « post-crisis » policy, members commented that the State actions would take a long time to have an impact on market participants.

It was also raised that the spread between Euribor contributions might increase, partly owing to the crisis of public debts, which increased the credit risk in the interbank market. On the other hand, Euribor had its own dynamics and, as most of big banks were able to get liquidity at some point, there was no interest in increasing the prices.

Members also generally agreed that contributions to Euribor were too static, which could jeopardize the credibility of the index. If a contributor quotes higher prices than the others,

in the current circumstances, there is the risk that the market considers that this contributor represents a higher credit risk than the others. However, in the current market environment, the credit spread amongst market participants has increased, and the benchmark should reflect the diversity on the market. Additionally, some international banks were contributing in a derivative way rather than in a cash perspective.

The Secretariat was requested to run a test phase with 20% of excluded banks in the calculation of Euribor rates, rather than the current 15%. There would however be a risk that panel banks would contribute even more static prices in order not to be counted among the excluded banks.

Members also raised the difficulty of financing assets in dollars. Furthermore, bank bonds are not favoured operations as the market is nervous and regulation is unclear. Mr C. QUEMENER commented that the Institutions were trying to regulate the market as much as possible and that it was the role of the Steering Committee to defend the benchmark and to inform the Institutions about it.

Finally, Mr C. QUEMENER informed the members of a comparison between Libor and Euribor produced by ICAP, showing an increase in the spread between Libor and Euribor. Members agreed that these were two different benchmarks and that there should be no confusion between both benchmarks. They expected the spread to decrease mechanically in the following months.

3. STATEMENT ON EURIBOR

Members were invited to discuss the draft statement on Euribor provided by the Secretariat.

Members agreed that the statement would be posted on the website.

4. COMPOSITION OF THE EURIBOR AND EONIA PANEL

Mr C. QUEMENER reported on the last changes in the panel composition. Following recent mergers, ABN Amro (NL) has been replaced by RBS NV (NL) and Fortis Bank (BE) removed from the panel (BNP Paribas (FR) being the sole contributor for BNPP Group).

Further to the Steering Committee members' willingness to enlarge the panel, Mr C. QUEMENER presented a study per country on banks' ranking by assets. He raised the difficulty in obtaining sufficient data.

He recalled that two main criteria should be taken into consideration : the banks' assets and the geographical coverage of the panel (ref.; Article 2 of the Euribor Code of Conduct¹).

On the basis of this study, members agreed that *Banque Postale (FR) and Pohjola (FN)* should be invited to apply for a seat on the panel.

Additionally, the members identified a number of banks which could potentially be included in the panel.

¹ http://www.euribor.org/html/content/euribor_code.html

The Secretariat was requested to turn to central banks and further investigate on the size and ownership of those banks.

Finally, the Secretariat was requested to investigate other international banks.

5. COMPLIANCE OF THE PANEL BANKS WITH THEIR OBLIGATIONS

Mr B. MARTIN, Head of Treasury Content at Thomson Reuters, responsible for benchmarks fixings, made a presentation on panel banks' contributions to Euribor year-to-date. He explained to members all the actions put in place by Thomson Reuters to secure the contributions (reminder calls, rates taken by telephone, rates queried).

Members agreed that actions should be taken in order to ensure that panel banks comply with their obligations under the Euribor Code of Conduct and **decided to report this issue to the next meeting of the Steering Committee.**

6. ANY OTHER BUSINESS

Mr C. QUEMENER informed the members that the new benchmarks' website, containing graphs and dynamic data, would be running in July 2010.

It was agreed that the next meeting would be held in Brussels in November 2010, with a possibility to set up intermediary conference calls.

GM
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23.06.2010

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- Brussels, 26 May 2010, 10.30 CET -

LIST OF PARTICIPANTS

Members

Mr Andreas BIEWALD	Commerzbank AG
Mr Paolo BOSIO	Banca Monte dei Paschi di Siena (<i>via conf call</i>)
Ms Jillian MAHON	Allied Irish Bank
Mr Alexandre SEIGNAT	Calyon
Mr Georg-Heinrich SIEVEKING	Investitionsbank Berlin
Ms Niki SOULOPOULOU	National Bank of Greece
Ms Jaana SULIN	Nordea
Mr José María VERDUGO	Confederación Española de Cajas de Ahorros
Mr Antonio VILLAVERDE	Banco Bilbao Vizcaya Argentaria (BBVA)

Secretariat

Mr Cédric QUEMENER	Euribor EBF
Ms Gaëlle MARQUES	Euribor EBF

Speaker

Mr Brian MARTIN	Thomson Reuters
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Apologies

Mr Guido RAVOET	European Banking Federation
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