



Press Release

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ACI and Euribor EBF express concern about withdrawal of panel banks from benchmark fixings

A recent concern over the manipulation of benchmark fixings, which has resulted in some banks being obliged to make settlement payments, has caused some banks to express reservations about their future participation in the benchmark fixing process.

ACI The Financial Markets Association and Euribor EBF note that both European and international banks are reviewing their operational and reputational risks, as well as potential costs, when participating in benchmark fixings.

The two associations are particularly concerned that some banks may decide to withdraw from the panels which set the daily rates. Indeed, in the traded markets, the fixing of benchmarks has always been the responsibility of independent market participants. Furthermore, Central Banks across the globe have clearly expressed their objections to taking over the rightful place of banks, preferring market participants to continue to fully play their role in the rate setting process.

Manfred Wiebogen, President ACI: 'We strongly condemn any manipulation of interbank rates or any other benchmark and firmly remind market participants of the responsibility they owe the market when setting these crucial rates. But before retaliation measures are applied, evidence must be examined and costs correctly assessed. Clearly, the obligation for banks to make compensation payments is worrying and has partly led to the reservations banks have about their participation in benchmark fixing processes.'

Guido Ravoet, Chief Executive of Euribor-EBF: "Banks' responsibility in setting benchmarks is part of their core role as market participants. That responsibility must remain theirs and nobody else's. Withdrawing from the benchmark setting process would send the wrong signal."

The European Commission informed us that they wish to have the Euribor panel as large as possible in order to enhance the credibility of the benchmark. Therefore, they are considering making mandatory for banks with a significant turnover in the money markets to be part of the panel.

Clearly, the withdrawal of just one bank participating in a fixing weakens the entire system and erodes not just confidence but also professional and public interest. This must be avoided.

Note for the editor

ACI The Financial Markets Association

ACI is a leading non-profit but also non-political association of wholesales financial market professionals. Members of ACI are in a large part engaged within the financial trading or sales environment in the global financial markets representing the Foreign Exchange, Interest Rate Products and other Securities, Banknotes & Bullions, Precious metals and Commodities and their various kinds of Derivatives. ACI counts some 13,000 international members from more than 60 countries.

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Euribor-EBF

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 interbank benchmarks such as Euribor®/Eonia®/USD Euribor® EUREPO® and the EONIA SWAP INDEX, along with the Short Term European Paper (STEP) transparency initiative.

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