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PANEL BANKS' ANSWERS TO THE CONSULTATION ON THE REDUCTION IN THE NUMBER OF EURIBOR MATURITIES

Following the third recommendation on Euribor issued by the European Banking Authority (EBA) and the European Securities and Markets Authority (ESMA) it is suggested to reduce the number of maturities from the current 15 to **7**: **1 week, 1, 2, 3, 6, 9 and 12 months**.

Euribor-EBF launched a consultation last 19 April inviting the Euribor panel banks to share their views on the suggested reduction in the number of maturities for the purpose of assessing its impact on existing contracts and envisaging transitional measures, if needed.

Amongst the 36 consulted banks, 29 banks replied (81%).

Question 1. Do you believe that the discontinuation of the deleted maturities *(2, 3 weeks, 4, 5, 7, 8, 10, 11 months)* will have a significant impact on the existing contracts?

Generally most of the banks, 19 out of 29, agreed that the proposed discontinuation of maturities (*2, 3 weeks, 4, 5, 7, 8, 10, 11 months*) will not have a significant impact on the existing contracts.

5 banks pointed out that the discontinuation of the *2 week* maturity could have a deeper impact as it could create a significant gap between 1 week and 1 month, and proposed keeping the 2 week maturity.

In addition, it was suggested to carefully assess existing agreements even if the references proposed to be discontinued are not used in the majority of transactions.

Question 2. Do you think that any transitory measures are needed in order to ensure an appropriate transition to this reduced number of maturities and avoid market disruptions? In case you do, which measures would you suggest?

18 banks agreed that no transitory measures are needed.

It was suggested to provide guidance on the fallback rate to be applied to contracts, as well as on the calculation of interpolation rates for the withdrawn maturities.

In this perspective, 4 banks recommended adopting similar measures to those applied for LIBOR discontinuations, liaising with expert industry bodies such as ISDA to formulate an approach to interpolation rates in order to allow parties to continue their contracts.

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Question 3. In your opinion would July 2013 be a convenient period to discontinue the mentioned maturities *(2, 3 weeks, 4, 5, 7, 8, 10, 11 months)*?

20 banks (69%), agreed that July 2013 would be a suitable date to discontinue the mentioned maturities.

Nevertheless, some banks pointed out the need for reaching an industry-consensus on how to deal with the discontinuation of maturities ensuring all necessary provisions are set up.

Finally, Euribor-EBF believes that as the discontinuation of tenors could have a global impact affecting other entities and not only panel banks, an assessment should be performed by the European Supervisory Authorities in order to envisage the global consequences of the mentioned maturities' discontinuation.

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