



European Money Markets Institute

Euribor Conflict of Interests Policy

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Table of Contents

1. Introduction	3
2. Objective	4
3. Scope	4
4. Conflicts of interest identification and monitoring	4
5. Conflicts of interest mitigation	5
6. Conflicts of interest management	5
7. Conflicts of interest disclosure	6
8. Implementation	6
9. Update and publication	6

1. Introduction

In its efforts to review and enhance the overall governance framework of Euribor, the Euribor Steering Committee developed policies and procedures, *inter alia* to identify, prevent and manage potential conflicts of interest and protect the integrity of the process for the determination, calculation and publication of Euribor.

The Conflicts of Interest Policy (hereinafter “Policy”) has been adopted for the purpose of implementing the Euribor Code of Conduct ¹ and ensuring the implementation of sound and robust measures to counter the possible impact deriving from potential conflicts of interest in the determination of Euribor.

The Policy is consistent with the overall conflicts of interest policy established by the Board of Directors and monitored by the Oversight Body.

The Policy has the following structure:

- Identification of potential conflicts of interest and ongoing monitoring;
- General criteria for mitigating conflicts of interest;
- Conflicts of interest management;
- Implementation and update of the Policy.

¹ Article 4 of the Euribor Code of Conduct states:

“1. The Steering Committee shall adopt a Conflicts of Interest Policy, applicable to its members, panel banks, the calculating agent and related parties. The Steering Committee shall promote the knowledge and implementation of the Policy by all parties involved.

2. The policy shall contain measures for the identification, avoidance or management, of conflicts of interest and their disclosure and monitoring, as appropriate.

3. The Policy shall identify potential conflicts of interest to which the Steering Committee, the panel banks and the calculation agent may be a party, including those: a. Within the Steering Committee; b. Between the Steering Committee and panel banks; c. Between the panel banks and the calculating agent.

4. The Steering Committee shall review and update the Conflicts of Interest Policy, as appropriate, to ensure its continued effectiveness, and share it with relevant stakeholders and competent authorities.

5. The Steering Committee shall liaise with the Oversight Body established by the EMMI Board that is responsible for identifying and managing conflicts of interests at EMMI level (including those within EMMI, between the Steering Committee and EMMI, and between the calculation agent and EMMI) to ensure overall coherence in the Conflicts of Interest Policies.”

2. Objective

The Policy is specifically related to potential conflicts of interest that may emerge in the process of determination, calculation and dissemination of Euribor and integrates the conflicts of interest policies adopted and implemented by each entity contributing to the determination, calculation and dissemination of Euribor (“Party” or “Parties”), in particular conflicts of interest in provision of investment services, investment activities and ancillary services (as defined by the EU Markets in Financial Instruments Directive “MiFID”) and in provision of specific financial services.

Where any other Party’s applicable Internal Regulation contains more stringent requirements than those contained in this Policy then the more stringent requirements will apply in that Party.

3. Scope

The Policy applies to potential conflicts of interest to which the Steering Committee, the panel banks and the calculation agent and related parties may be a party, including those:

- Within the Steering Committee;
- Between the Steering Committee and panel banks;
- Between the panel banks and the calculating agent.

4. Conflicts of interest identification and monitoring

Parties shall adopt and implement measures to identify conflicts of interest which include:

- the mapping of all types of conflicts identified, considering the broad range of activities performed by some Parties;
- the identification of relevant types of conflicts of interest potentially applicable to each Party; and
- the application of appropriate level controls in order to check the effectiveness of the procedures for the conflicts detection.

Conflicts of interest may arise in a variety of situations. Areas of particular concern include:

- The daily submission by panel banks;
- The role of members of the Steering Committee that have responsibilities in the panel banks.

The following are non-exhaustive examples of what may be considered typical conflicts of interest that may arise in relation to the determination, calculation and dissemination of Euribor:

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- A panel bank may have an interest in not disclosing the effective rates upon which it effectively conducts business with other market counterparties;
 - A panel bank may have an interest in setting a particular rate determination due to payout of certain financial activities linked to the rate;
 - A Steering Committee member working in a panel bank may have an interest not to challenge the daily or periodic submission by the same panel bank or other panel banks;
 - The Calculating agent may have other fee generating business and relationships with panel banks apart from its role in managing the submissions and performing its calculation duties.

Parties shall keep and regularly update records of potential conflict of interest giving rise to material risk for the integrity of Euribor and how they are managed.

5. Conflicts of interest mitigation

Parties shall adopt organizational measures aimed at the mitigation/prevention of the various types of conflicts of interest that have been identified.

The measures that each Party considers effective to mitigate conflicts of interest can be categorised as follows:

- measures based on the organization structure;
- measures based on the adoption and implementation of specific internal policies and procedures;
- measures based on specific functions dedicated to the management of conflicts of interest; and
- measures based on codes of conduct and training modules.

The efficacy of organizational measures is evaluated with the respect to their capacity to:

- establish organizational separation between conflicting activities;
- give clear rules of action to the various persons;
- independently supervise conflicts; and
- spread a culture of compliance with this Policy.

6. Conflicts of interest management

Parties shall adopt adequate measures to manage conflicts of interest promptly and fairly. In particular, they shall consider:

- Establishing effective procedures to control the exchange of information between relevant persons, who take part in activities that give rise to a risk of a conflict of interests;
- Segregating functions, by separating supervision of relevant persons who represent different interests that may conflict;
- Removing any direct link between remunerations of persons, where a conflict of interest may arise in relation to the activities they are engaged in.

7. Conflicts of interest disclosure

If the measures adopted by Parties are not sufficient to guarantee, with reasonable certainty, that the risks for the integrity of Euribor are being prevented, the Steering Committee will be informed of the nature and source of the conflict.

8. Implementation

The Policy shall be implemented according to relevant local legal and regulatory requirements, and in case of any conflict between the Policy and the local applicable law, the latter shall prevail.

The Steering Committee shall promote the knowledge of the Policy and supervise its implementation and compliance by all Parties.

All Parties must comply with this Policy, in conjunction with any applicable Internal Regulations that supplement it. Employees involved in conflicts of interest management should act in accordance with this Policy.

Failure by Parties and their relevant employees to comply with this Policy may give rise to disciplinary action.

Parties give their employees adequate training on identifying, preventing and managing conflicts of interest.

9. Update and publication

Annually the Steering Committee shall review and update the Policy, as appropriate, to ensure its continued effectiveness.

Change to the Policy will be communicated promptly to Parties, other relevant stakeholders and competent authorities and be published on the EMMI website.