

Euribor® Code of Conduct

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Introduction

The Euro Interbank Offered Rate - "Euribor®" - is the money market reference rate for the euro.

Euribor® is the rate at which euro interbank term deposits are being offered within the EMU zone by one prime bank to another at 11.00 a.m. Brussels time. It is quoted for spot value (two Target days) and on actual / 360 day basis.

The present Euribor® Code of Conduct (hereafter "the Code") was drawn up by the European Money Markets Institute – EMMI, previously known as Euribor-EBF, on 1 October 2013 and replaces the previous versions of the Code.

The Code of Conduct lays down the rules applicable to the Euribor governance and rate-setting process and the banks which quote for the calculation of Euribor®.

Definitions

For the purpose of this Code:

- A “prime bank” should be understood as a credit institution of high creditworthiness for short-term liabilities, which lends at competitive market related interest rates and is recognised as active in euro-denominated money market instruments while having access to the Eurosystem’s (open) market operations.
- “Interbank transaction” should be understood as a cash deposit between two credit institutions maturing by one year from inception¹.
- A “panel bank” should be understood as a bank contributing to the Euribor index, by providing daily quotes of the rate, rounded to two decimal places; each bank belonging to the panel submits the rates that it believes one prime bank is quoting to another prime bank for interbank term deposits within the euro zone.

¹ A list of credit institutions is published by the ECB at:
http://www.ecb.int/stats/money/mfi/general/html/dla/MFID/euccid_130314.txt.

A. GOVERNANCE AND CONTROL

A.1. STEERING COMMITTEE

1. European Money Markets Institute has created a Steering Committee as referred to in this Code.
2. The composition of the Steering Committee shall be diversified to ensure that the members from the Euribor panel banks always represent a minority of its membership.

The Steering Committee will consist of a minimum of ten members: one Chairman, at least five independent experts with recognized standing and experience in financial markets and at least four experienced market practitioners directly involved in market operations or who bear direct responsibility in their bank for these activities. If the Steering Committee is composed of less than ten members, the Board of Directors of EMMI will make best efforts to propose without undue delay to the General Assembly the appointment or replacement of members to bring the composition of the Steering Committee to ten members.

3. The Chief Executive of EMMI is the permanent member and Chairman of the Steering Committee. The other members have a mandate of 2 years. This mandate is renewable. All the members are appointed on a personal basis, must be independent and not subject to instructions from the companies or organisations to which they belong. Each member of the Steering Committee must submit and sign a declaration of conflicts of interest.
4. The members of the Steering Committee shall be directly appointed and revoked by the General Assembly of EMMI, under a proposal of the Board of Directors of EMMI. If a member is revoked, or ceases to be a member for any other reason before the expiry of his or her mandate, another member may be appointed. The list of members of the Steering Committee will be publicly available, together with their individual CVs and their declarations of conflicts of interest.
5. The meetings of the Steering Committees are called by the Chairman, on average every two months, and are attended in person or by electronic means (e.g. teleconference and/or video conference). A member who does not attend more than three consecutive physical meetings shall be replaced. The Steering Committee publishes the summary of conclusions of its meetings after approval by its Chair and members.

6. Each member of the Steering Committee has one vote. Decisions in the Steering Committee will be taken by a simple majority of the votes of the members present at meetings. In case of a tie vote, the Chairman of the Steering Committee has a casting vote. A decision to exclude a bank from the panel or admit a new bank to the panel must be taken by a qualified majority of seven votes.

A.2. TASKS AND RIGHTS OF THE STEERING COMMITTEE

1. The Steering Committee shall promote the implementation of this Code, check compliance, monitor its effectiveness and propose changes. The Steering Committee shall also monitor market developments.
2. In particular, the Steering Committee shall carry out at least the following tasks:
 - 2.1. *Regarding Panel Banks:*
 - i. To monitor the adequacy of the criteria to qualify for and stay on the panel and propose, where necessary, changes to these criteria;
 - ii. To define and review the size and composition of the panel of banks, in light of market developments;
 - iii. To define the procedure for selecting panel banks and decide on individual applications and suspension/exclusion of banks from the panel;
 - iv. To monitor that panel banks satisfy the applicable requirements to qualify for and stay on the panel;
 - 2.2. *Regarding the determination/calculation of Euribor:*
 - i. To design the benchmarks' definition and methodology and make recommendations to EMMI General Assembly;
 - ii. To adopt, review and update the contribution process of Euribor;
 - iii. To adopt, review and update the control framework for the process of determining and publishing Euribor;
 - iv. To ensure that the Euribor setting process remains transparent;
 - v. To review the reports on back-testing of the quoted rates;

2.3. *Regarding Conflicts of Interest:*

- i. To adopt, review and update a conflicts of interest policy;

2.4. *Regarding controls:*

- i. To address complaints following the procedure mentioned in Article A.4;
- ii. To enforce this Code of Conduct by adopting the necessary measures and sanctions available.

3. The Steering Committee may at any time request panel banks to provide relevant data and information confirming that their relevant market activities still qualify them for a seat on the panel starting from the date of application of this Code.
4. The Steering Committee may decide to suspend or remove a bank from the panel if the criteria laid down in Article B.1 are no longer met.
5. In carrying out these tasks the Steering Committee is supported by the Secretariat of EMMI and may establish *ad-hoc* working groups as well as be supported by external experts.
6. The Steering Committee will address without undue delay potential failures of compliance this Code and related policies and procedures, including by adopting necessary measures, and, if necessary, will report any irregularities, unusual submissions or misconduct by panel banks of which it becomes aware.

A.3 CONTROL FRAMEWORK

1. The Steering Committee shall adopt the control framework for the process of determining and publishing Euribor with the objective of ensuring its compliance to ensure the integrity and quality determination of the benchmark. In particular, the Steering Committee shall require panel banks and the calculation agent to confirm annually adherence to this code and to publish this information.
2. The Steering Committee shall conduct necessary controls on panel banks to monitor that panel banks fulfill their obligations under this Code. In particular, the Steering Committee adopts a Euribor Management Annual Certification Form whereby panel banks must certify that:
 - a. all internal procedures are set up to ensure a robust process for the submission of contributions, excluding any internal and external influences;

- b. that all submitted contributions are the bank's appreciation of the evolution of the interbank market in the Eurozone according to the Euribor definition; and
 - c. that the Euribor Code of Conduct is fully respected when contributing to the fixing.
3. To carry out the necessary controls (including consistency and plausibility checks) the Steering Committee can request information from panel banks, and will ensure confidentiality of all non-public data supplied.
4. The Steering Committee shall require that the calculation agent implement and operate under an appropriate control framework so that it fulfills its obligations under the Code of Conduct for the computation of Euribor. To monitor adherence by the calculation agent to such a framework, the Steering Committee can request information from the calculation agent according to the Service Level Agreement (SLA) established with it, and will ensure confidentiality of all non-public data supplied.
5. The Steering Committee shall review the overall control framework for Euribor, and update as appropriate, to ensure its continued effectiveness, and share it with relevant stakeholders and competent authorities.

A.4. CONFLICTS OF INTEREST POLICY

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 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.

A.5. ACCOUNTABILITY PROCEDURES

1. The Euribor Steering Committee shall be the adjudication body with respect to compliance with the Euribor Code of Conduct and shall have the right to impose sanctions for violations of the Code.
2. Before the Steering Committee takes an adjudication decision, the parties concerned shall be given due opportunity to present their arguments to the Committee. If the Steering Committee decides to remove a bank from the panel, it will provide a written explanation for such decision to the bank concerned.
3. The Steering Committee shall adopt, review and update arrangements to ensure accountability and complaints mechanisms are effective. In particular, the Steering Committee shall establish and publish written complaints procedures.
4. The complaints procedures:
 - a. Permits complaints to be submitted through a user-friendly complaints process such as an electronic submission process, available in EMMI website;
 - b. Contains procedures for receiving and investigating a complaint made about EMMI determination process on a timely and fair basis by personnel who are independent of any personnel who may be or may have been involved in the subject of the complaint, advising the complainant and other relevant parties of the outcome of its investigation within a reasonable period and retaining all records concerning complaints;
 - c. Contains a process for managing complaints, whereby the Secretariat receives and analyzes the complaints and escalates to the Steering Committee those that are not resolved. Depending on the nature of the complaints and the potential breaches, the Steering Committee may escalate the issue to the Board of Directors of EMMI or to competent legal or regulatory authorities, as appropriate; and
 - d. Requires all documents relating to a complaint, including those submitted by the complainant as well as EMMI's own record, to be retained for a minimum of five years.

5. The Steering Committee shall adopt, review and update arrangements and procedures to ensure a mechanism for the receipt of reports of breaches and their follow-up (“whistleblowing”) at EMMI, and report to the Steering Committee.
6. The whistleblowing procedures shall:
 - a. Permit reporting of actual or potential breaches of this Code of Conduct to the Steering Committee and, depending on the issue and the seriousness of the potential breach, to competent legal or regulatory authorities;
 - b. Ensure appropriate protection (including of personal data) for persons who report potential or actual breaches and for the accused party;
 - c. Ensure the right of the accused party to a hearing by the Steering Committee before the adoption of a decision concerning the party.

A.6. RULES FOR AMENDING THE DOCUMENTATION RELATED TO EURIBOR

1. The European Money Markets Institute General Assembly can decide to amend this Code upon recommendation from the Steering Committee.
2. Amendments to this Code are not subject to the approval of the panel banks. Meanwhile, when necessary, such changes will be subject to consultations with panel banks.
3. Changes in the Euribor definition or methodology shall be disclosed in advance and shall not occur more frequently than necessary.

A.7. RECORD-KEEPING POLICY

1. Complete and transparent records should be maintained of all aspects of the governance, methodology, control environment and regular determination of Euribor.
2. Each participant in the determination of the Euribor benchmark – EMMI as Administrator, the Calculation Agent, and Panel Banks – should retain records relevant to their responsibilities within the determination process.
3. Records should be retained in a medium and format that makes them readily accessible for future reference. Appropriate security measures should be applied so that records cannot be changed or manipulated. Records should be furnished to authorized independent reviewers and competent supervisory authorities in a timely manner upon request.
4. Physical and electronic records should be retained for a minimum period of five years. Voice communication records should be retained for a minimum period of two years.

5. Records to be retained by EMMI as Administrator include:
 - a. Minutes of all governance meetings, including those of the Euribor Steering Committee and Oversight Panel;
 - b. Communications between EMMI and the Calculation Agent and/or Panel Banks;
 - c. Data submitted by Panel Banks, including records of non-submittal;
 - d. A register of the designated individuals authorized by Panel Banks to submit quote data or to approve such submissions;
 - e. A register of the individuals authorized by the Calculation Agent to oversee and/or operate the daily submission and calculation processes at the Calculation Agent;
 - f. Descriptions of determination methodology, including records of changes;
 - g. Periodic and special review reports of Euribor benchmark quality;
 - h. Periodic and special audit reports, including those required under this Code, of the conduct of Euribor benchmark activities at the Calculation Agent and Panel Banks.

6. The record-keeping obligations of the Calculation Agent shall be detailed in a Service Level Agreement between the Agent and EMMI. Records to be retained include:
 - a. Communications between the Calculation Agent and EMMI, the Publishing Agent and Panel Banks;
 - b. A register of the designated individuals authorized by Panel Banks to submit quote data or to approve such submissions;
 - c. A register of the individuals authorized by the Calculation Agent to oversee and/or operate the daily submission and calculation processes at the Calculation Agent, including those who are permitted to enter submitting data on behalf of Panel Banks if staff at the Banks are unable to do so;
 - d. Records of all data used in the daily determination of Euribor, including data submitted by Panel Banks and records of non-submittal;
 - e. Records of individuals who input or approve each daily submission, at the Panels Banks and/or at the Calculation Agent.

7. Where EMMI and the Calculation Agent need to retain similar records, it is acceptable for the two parties to agree that a single database of such data be maintained, provided that such agreement clearly specifies which party has primary responsibility for the data.
8. The record-keeping obligations of the individual Panel Banks are detailed in the Annex “Euribor – Code of Obligations of Panel Banks”. Records to be retained include:
 - a. Communications between the Panel Bank, EMMI and its agents, and other Panel Banks with respect to Euribor-related activities.
 - b. Governance documentation, including the list of authorized Submitters and Approvers;
 - c. The data inputs and internal methodologies used to determine the daily submissions and the submissions themselves, including the staff responsible;
 - d. Records of complaints with respect to Euribor activities and their resolution.

A.8. TRANSPARENCY

1. The following information on the Euribor governance and rate-setting process shall be publicly disclosed on EMMI website:
 - a. The Euribor Code of Conduct, including the Euribor definition and methodology and the rules applicable to the panel banks;
 - b. The list of banks contributing to Euribor and, when applicable, any change in the composition of the panel;
 - c. The composition and minutes of the Euribor Steering Committee; and
 - d. The Euribor daily rates, monthly and yearly averages, as well as the individual panel banks submissions, on a delayed basis. Reasonable means shall be undertaken to ensure that updated postings take place 24 hours after the fixing time.

B. RULES APPLICABLE TO THE PANEL BANKS

B.1. CRITERIA TO QUALIFY FOR A SEAT ON THE PANEL AND APPLICATION PROCEDURE

B.1.1. Composition of the Panel

1. The Panel shall consist of banks that are active participants in the euro money markets in the euro-zone or worldwide.
2. The number of Panel Banks should be high enough:
 - a. to reflect faithfully the geographic diversity of the still segmented money market in the euro zone; and
 - b. to provide representative surveys of the benchmark rates that will be consistent over time.

Conversely, the Panel size should remain at a level that is operationally manageable and efficient.

B.1.2. Qualification Criteria

1. A bank may qualify for panel membership if it has the capacity to handle significant volumes in euro-interest rate related instruments, especially in the money market.
2. More specifically, the following items will be considered in assessing the levels of activity and expertise of a potential Panel Bank in the euro money markets:

On-balance sheet interbank items:

Assets

- Loans up to one year
- Money market paper (e.g. Certificate of Deposits and Commercial Paper)
- Reverse repurchase agreements
- Liabilities
- Deposits up to one year
- Repurchase agreements and, to a lesser extent, the following:

Off-balance sheet items:

- Derivatives referring to a Euribor® underlying denominated in the currencies of countries participating in EMU (OTC and exchange traded)
- Foreign exchange swaps (one leg in EMU-countries' currencies)

B.1.3. Application for Panel Bank Membership

1. As provided in Article A.2, the Euribor Steering Committee shall decide on individual applications for the panel.
2. Banks wishing to apply for a seat on the panel must disclose all relevant information on the items considered for the selection. As a matter of convenience, the applicants may present the quarterly figures notified to the national central banks/ European Central Bank.
3. When considering an application, only consolidated figures shall be accepted. In considering market participation levels, internal transactions within non-consolidated networks will be excluded if market conditions are not applied to such transactions.
4. Non-public information presented to the Steering Committee in respect of an application will be treated as defined in this “Code”, on a strictly confidential basis.

B.2. OBLIGATIONS OF PANEL BANKS

1. European Money Markets Institute, as Administrator for the Euribor benchmark, has a responsibility to set uniform standards for the Euribor Panel Banks with respect to their activities in submitting data for the determination of the benchmark. These standards are defined in the Annex “Euribor – Code of Obligations of Panel Banks” or “COPB”. This Annex is an integral part of the Euribor Code of Conduct.
2. The primary objectives of the Code of Obligations of Panel Banks are:
 - a. to ensure the integrity of the Euribor benchmark by setting baseline standards for the conduct of the quote submissions by Panel Banks;
 - b. to define the specific obligations of Panel Banks with respect to the governance, methodologies, control environment and independent review related to quote submissions;
 - c. to assist Panel Banks to establish and maintain a robust internal control environment in order to discharge their obligations with respect to Euribor; and
 - d. to provide transparency to stakeholders regarding the standards for determination of the Euribor benchmark.

3. EMMI is responsible for developing and ongoing changes to the COPB. The COPB, and modifications thereto, are subject to approval by the Euribor Steering Committee and EMMI General Assembly. The COPB will be reviewed by the Euribor Steering Committee at least annually. Enhancements will be introduced where appropriate in order to cope with changes in market conditions, relevant legislation or regulation, and the development of enhanced international standards for benchmark determination.
4. The standards set in the COPB are additional to and do not supersede any relevant legislation, regulation or other regulatory guidance applicable to Panel Banks. EMMI and the competent supervisory authority should be notified of any potential inconsistency between the COPB and such legislation or regulation.
5. Panel Banks should confirm compliance with the COPB to EMMI, as part of their annual acknowledgement of compliance with the overall Euribor Code of Conduct. If recent changes have been introduced to the COPB and a Panel Bank is not yet in compliance at the time of the annual acknowledgement, the Panel Bank should specify a reasonable timeframe by when full compliance will be achieved. A Panel Bank experiencing difficulty in complying with a standard in the COPB should notify EMMI, detailing the reasons for non-compliance and providing relevant mitigating organizational controls or processes.

B.3. SANCTIONS

1. Confidence in the integrity of Euribor as a benchmark needs to be underpinned by a credible set of sanctions for failure to comply with applicable regulations and/or with the provisions of the Euribor Code of Conduct.
2. As specified in Article A.4, the Euribor Steering Committee shall be the adjudication body with respect to compliance with the Euribor Code of Conduct and shall have the right to impose sanctions for violations of the Code. The adjudication decision and any sanctions imposed shall be recorded in the minutes of the Euribor Steering Committee.
3. In cases where there is a commercial contractual relationship between EMMI and a third party, for example, the Euribor Calculation Agent, disputes regarding compliance with provisions of the Euribor Code of Conduct shall be handled under the appropriate contractual provisions in the first instance.
4. In general, the adjudication and sanctioning process will distinguish between two types of violations:

- a. EMMI is not responsible for monitoring the compliance of Panel Banks or Agents with applicable law or regulation. Nonetheless, suspected violations of law or regulation may be advised to EMMI through whistleblowing or complaint processes. In such cases, where there is suspected to be a violation of applicable law or regulation posing a significant risk to the integrity of Euribor, EMMI will refer the matter to the competent legal or regulatory authority for adjudication and imposition of the corresponding legal or regulatory sanctions on the violating party. The Euribor Steering Committee may take contemporaneous measures against the suspected violating party to protect the integrity of the benchmark, including suspension from participation in the Euribor process, and impose further sanctions based on an adjudication of the violation.
 - b. Where there is found to be a violation of a provision of the Euribor Code of Conduct, but which does not involve a regulatory or legal violation, the Euribor Steering Committee may impose one or more sanctions on the violating party.
5. The following sanctions will be available to the Euribor Steering Committee:
- a. a written warning notice;
 - b. requirement to desist from violating activity;
 - c. temporary suspension from the Euribor panel; and
 - d. permanent exclusion from the Euribor panel.

C. RULES FOR CALCULATING AND PUBLISHING EURIBOR

C.1. RESPONSIBILITIES OF THE CALCULATION AGENT

1. EMMI shall specify clearly the general responsibilities of the Euribor Calculation Agent under a formal contract agreed between the two parties. The operational standards for the services provided by the Calculation Agent to EMMI will be detailed in an associated Service Level Agreement.
2. The Euribor Calculation Agent has general responsibility for the following:
 - a. the efficient and timely operation of the daily Euribor determination process, with due regard for upholding the quality of the benchmark determination;
 - b. pre- and post-determination data controls;
 - c. regular reporting to EMMI on the quality of data submissions, including absent or persistently erroneous submissions; and
 - d. record retention for submitted data and determination calculations.
3. The Calculation Agent may undertake further data analysis and quality roles for EMMI, using its expertise in these fields, provided both parties agree such responsibilities explicitly.
4. To effect the above general responsibilities, the Calculation Agent should:
 - a. establish an internal “Euribor - Code of Conduct of Calculation Agent”, detailing the governance process, methodology and internal controls which the Calculation Agent will observe with regard to Euribor determination;
 - b. maintain a documented oversight process for the determination, with accountable named managers of appropriate seniority;
 - c. develop and maintain robust systems and operational infrastructure, with appropriate resiliency including a disaster recovery capability, to ensure the consistent and timely determination of Euribor;
 - d. establish policies and procedures for handling and making appropriate disclosure and correction of operational, computational or other errors which may affect the level of the published Euribor rates;
 - e. establish and operate a complaints process, including a whistleblowing process;
 - f. establish clear communication processes to EMMI;

- g. agree on the frequency and contents of reports on the quality of Euribor submissions to be provided to EMMI.

C.2. COMPILATION AND CALCULATION PROCESS

C.2.1. Main specifications:

1. Panel banks provide daily quotes of the rate, rounded to two decimal places, that each panel bank believes one prime bank is quoting to another prime bank for interbank term deposits within the euro zone.
2. Euribor® is quoted for spot value (T+2) and on an act/360 day-count convention. It is displayed to three decimals place.
3. Panel Banks contribute for the maturities defined by the Steering Committee.

C.2.2. Contribution of data:

1. Every Panel Bank is required to directly input its data no later than 10:45 a.m. (CET) on each day that the Trans-European Automated Real-Time Gross-Settlement Express Transfer system (TARGET) is open.
2. From 10:45 a.m. to 11:00 a.m. (CET) at the latest, the Panel Banks can correct, if necessary, their quotations.

C.2.3. Calculation of Euribor®:

1. At 11:00 a.m. (CET), the calculation agent will process the Euribor® calculation.
2. The calculation agent shall, for each maturity, eliminate the highest and lowest 15% of all the quotes collected. The remaining rates will be averaged and rounded to three decimal places.

C.2.4. Fallback provisions:

1. Before calculating at 11:00 a.m. (CET) on each TARGET day the Euribor® for that day, the calculation agent shall verify if all Panel Banks have made their data available for that day in accordance with established procedures. If one or more Panel Banks have failed to do so, the calculation agent shall use reasonable efforts to remind such Panel Banks by telephone or any other means of communication of their obligation to provide the data and shall invite them to submit the data immediately.
2. Should any Panel Bank, after such a reminder, still not provide its data until 11:00 a.m. (CET), the calculation agent shall calculate the Euribor® for that day without the missing data and promptly notify EMMI in writing.

3. If more than 50% of Panel Banks fail to provide their data by 11:00 a.m. (CET), the calculation agent shall delay the calculation of the Euribor® until 50% of the Panel Banks have quoted. If this is not possible before 11:15 a.m. (CET), the calculation agent shall, at 11.15 a.m., either:
 - if 12 or more Panel Banks from 3 or more countries have provided data, calculate and display the Euribor® based on this data.
 - if fewer than 12 Panel Banks have provided data or if the Panel Banks which have provided data are from fewer than 3 countries, the calculation agent shall delay the calculation of the Euribor® for that day until 12 or more Panel Banks from 3 or more countries have provided data. The calculation agent, at 11:15 a.m. (CET), indicates the delay on the page where Euribor® should be displayed.

C.3. PUBLICATION OF EURIBOR

1. After the calculation has been processed at 11:00 a.m. (CET), the calculation agent will instantaneously publish the Euribor® reference rate under which will be made available to all its subscribers and to other data vendors.
2. At the same time, the underlying Panel Bank rates will be published on a series of composite pages which will display all the rates by maturity.
3. Historical data and individual submissions for Euribor® are also published on a delayed basis on EMMI official website.
4. The Steering Committee will define the circumstances under which Euribor® may be refixed. Refixing will only take place under exceptional circumstances such as when a systemic error in the calculation has been detected. The Steering Committee shall determine the processes and general parameters, including time limitations, by which a refixing shall be undertaken.

EURIBOR - CODE OF OBLIGATIONS OF PANEL BANKS

Version: 1 October 2013

1. Objectives

The European Money Markets Institute – EMMI previously known as Euribor-EBF, as Administrator for the Euribor benchmark, has a responsibility to set uniform standards for the Euribor Panel Banks with respect to their activities in submitting data for the determination of the benchmark. These standards are defined in this Annex to the Euribor Code of Conduct. This Annex, “Euribor – Code of Obligations of Panel Banks” or “COPB”, is an integral part of the Euribor Code of Conduct.

The primary objectives of the Code of Obligations of Panel Banks are:

- to ensure the integrity of the Euribor benchmark by setting baseline standards for the conduct of the quote submissions by Panel Banks;
- to define the specific obligations of Panel Banks with respect to the governance, methodologies, control environment and independent review related to quote submissions;
- to assist Panel Banks to establish and maintain a robust internal control environment in order to discharge their obligations with respect to Euribor; and
- to provide transparency to stakeholders regarding the standards for determination of the Euribor benchmark.

2. Authority and Status

2.1. Authority

This Euribor – Code of Obligations of Panel Banks has been developed by EMMI and approved by the Euribor Steering Committee and EMMI General Assembly.

The standards set in this COPB are additional to and do not supersede any relevant legislation, regulation or other regulatory guidance applicable to Panel Banks. EMMI and the competent supervisory authority should be notified of any potential inconsistency between the COPB and such legislation or regulation.

2.2. Changes and Enhancements

This is the first edition of the COPB and is effective from 1 October 2013. Panel Banks should take active steps to comply with the provisions as quickly as possible and should achieve full compliance within 6 months of the effective date.

The COPB will be reviewed by the Euribor Steering Committee at least annually. Enhancements will be introduced where appropriate in order to cope with changes in market conditions, relevant legislation or regulation, and the development of enhanced international standards for benchmark determination.

2.3. Acknowledgement of Compliance by Panel Banks

Panel Banks should confirm compliance with the COPB to EMMI, as part of their annual acknowledgement of compliance with the overall Euribor Code of Conduct. If recent changes have been introduced to the COPB and a Panel Bank is not yet in compliance at the time of the annual acknowledgement, the Panel Bank should specify a reasonable timeframe by when full compliance will be achieved.

A Panel Bank experiencing difficulty in complying with a standard in the COPB should notify EMMI, detailing the reasons for non-compliance and providing relevant mitigating organizational controls or processes.

3. General Obligations of Panel Banks

3.1. Documentation of Policies and Procedures

This COPB is intended to provide guidance to Panel Banks for their activities related to quote submissions to Euribor. Panel Banks should ensure that their associated internal policies and procedures regarding organizational arrangements, processes and control environment are fully and specifically documented, and are readily available for the independent reviews required under Section 7 of this COPB.

3.2. Co-operation with Supervisory Authorities

A Panel Bank should comply with any reasonable query from its competent supervisory authority related to its Panel Bank activities and is encouraged to co-operate with the supervisory authorities responsible for the other participants in Euribor determination.

3.3. Notice Period

In order to minimize potential disruption to the determination of Euribor, a Panel Bank should give at least a three week notice to EMMI before voluntarily withdrawing from the Panel.

4. Governance and Organization

4.1. General

Panel Banks should establish and maintain effective organizational, internal oversight and staff resourcing arrangements for their activities in making quote submissions to Euribor.

These arrangements should ensure that:

- an effective organization structure is in place so that submissions are made in a disciplined and controlled fashion, in conformity with the requirements of EMMI
- clear roles and responsibilities are assigned to the units, management and staff associated with making, overseeing and reviewing the submissions activities;
- managers and staff associated with the submissions process possess sufficient knowledge and expertise for the conduct of their duties, are specifically authorized by the Panel Bank, and acknowledge their obligations;
- potential conflicts of interest associated with Euribor-related activities within the Panel Bank or between the Panel Bank and third parties, are identified, avoided or mitigated, documented and disclosed.

4.2. Organization

Panel Banks should establish an effective organization structure for the oversight, operation and control of Euribor quote submissions. In general, Panel Banks will leverage their existing organization structure to accommodate the submissions activities. EMMI notes that the internal structures of Panel Banks may differ significantly from one to another and that some flexibility in the detailed application of the COPB in individual Panel Banks might be necessary.

Panel Banks should acknowledge that the ultimate responsibility for the integrity of their Euribor submission activities rests with the Bank's senior management. An effective organizational structure for the discharge of this responsibility is built upon the "three lines of defence" model. Senior management is immediately responsible for the sound and compliant conduct of submissions activities. The independent control functions, Risk Management and Compliance, monitor and report to senior management and/or the Board on the conduct of the business lines. The third line of defence, Internal Audit, reviews the overall effectiveness of the operational and control environment.

As detailed further under the “Conflicts of Interest” section, the organizational structure used to oversee and operate the Euribor submission activities should include appropriate provisions for segregation of duties and independence of the control functions.

4.3. Roles and Responsibilities – General

The roles and responsibilities of the organizational units with relevant operational or oversight duties, as described above, should be clearly defined and documented.

4.4. Roles and Responsibilities – Submissions Staff

Panel Banks should operate a Submitter-Approver process. Submitters are responsible for proposing the quote submissions, based on the processes outlined in Section 5. Approvers are responsible for checking the quotes for reasonableness prior to submission and overseeing the daily submissions process. The detailed roles and responsibilities of the Submitters and Approvers should be well-defined and properly documented in the Panel Bank’s policies and procedures.

4.5. Authorization of and Acknowledgment by Submissions Staff

Submitters and Approvers must acknowledge their appointments to these roles and confirm that they understand and will comply with their responsibilities with respect to the submissions process as set out in this COPB and any associated internal Panel Bank policies and procedures. Appointments and acknowledgements should be re-confirmed at least annually.

Panel Banks should appoint at least two Submitters and two Approvers and establish appropriate back-up coverage arrangements from among the appointed individuals.

Panel Banks must communicate the names of the appointed Submitters and Approvers to EMMI and the Calculation Agent. Changes in the appointments should be communicated immediately to EMMI and the Calculation Agent. The names of the specific Submitters and Approvers for each submission should be recorded as part of the daily record-keeping. Only the appointed Submitters and Approvers will be allowed to input the Panel Bank’s submissions into the Calculation Agent’s system.

4.6. Staff Training and Qualifications

Panel Banks should ensure that the staff involved in quote submissions, including Submitters, Approvers, and management and staff in the relevant control and audit functions, have the knowledge and expertise necessary for the discharge of their responsibilities.

These staff should undergo appropriate training and development programs, including in the provisions of this COPB, associated internal controls, applicable regulations, the avoidance of

conflicts of interest, the ethical standards that they are expected to observe in their respective roles, and the employment or other consequences of acting unlawfully or improperly in relation to the Euribor submissions activities.

All Submitters and Approvers should have significant experience in the relevant Euro money markets. Approvers should possess sufficient expertise and seniority so as to challenge the rates proposed by the submitter. Submitters and Approvers should receive specific training in relation to the analytic framework and data to be used in developing the quote submissions, as well as the circumstances under which expert judgment should be applied.

4.7. Conflicts of Interest

Panel Banks should establish and maintain an effective Conflicts of Interest policy to enable them to identify potential conflicts of interest that may arise with respect to their Euribor submissions activities. The broad objective of the Conflicts of Interest policy in relation to Euribor submission activities is to ensure that the quotes submitted are accurate and unbiased rate estimates, in conformity with the technical specifications of Euribor as defined by EMMI. Panel Banks should implement organizational structures, procedures and other measures in order to avoid or manage such conflicts.

The Conflicts of Interest Policy and associated procedures should cover at a minimum the following areas:

- **Ethical Standards**

Panel Banks should develop a set of ethical standards specifically addressing the submissions activities. Panel Banks should communicate these standards clearly to their relevant staff and require them to confirm their adherence. Panel Banks should provide training in these standards, periodic reminders, and refresher courses.

All staff should immediately report, using established escalation channels, if they suspect that any person is manipulating, attempting to manipulate, or colluding in an actual or attempted manipulation of a Euribor quote submission or fixing, either currently or in the past.

All staff associated with the operation and control of the submissions activities should act with integrity in carrying out their duties. They should not use any information that they obtain in the course of their duties in return for monetary or other rewards or for personal interest. They should not disclose such information other than in association with their prescribed duties for effecting the submissions.

Submitters and Approvers, specifically, should base their quotes on the sole objective of reflecting the definition of the Euribor benchmark. Submitters and Approvers will normally be part of a Treasury function and so deal as part of their professional duties in instruments or derivatives related to Euribor. As such, they have a particular responsibility to act with integrity in carrying out their respective submission and other duties.

Panel Banks should evaluate whether to incorporate provisions in internal policies to address conflicts of interest that Submitters and Approvers for Euribor may incur with respect to their personal financial activities.

- **Segregation of Duties**

Potential conflicts of interest arise from a Panel Bank's roles as both a submitter to Euribor and a dealer in instruments or derivatives valued against or fixing off of Euribor. To mitigate these conflicts, panel banks should establish clear segregation of duties between the Submitters and Approvers, on the one hand, and staff in other dealing units.

Submitters and Approvers, while in their designated roles, shall not be employed by, or temporarily or otherwise assigned to, a unit within the Panel Bank responsible for dealing in Euribor-related instruments or derivatives, other than the Treasury unit responsible for liquidity and liability management.

- **Remuneration Policy**

Panel Banks should design the remuneration policy for Submitters and Approvers to reduce any incentive to manipulate the Euribor benchmark. Specifically, any direct link should be removed between the remuneration of Submitters and Approvers, on the one hand, and the performance or compensation of units engaged in other activities from which a conflict of interest might arise.

- **Communications**

Panel banks should establish and maintain controls on communications, both within the Panel Bank, and between the Panel Bank and third parties, including other Panel Banks and brokers, to avoid any inappropriate influence over Submitters and Approvers and any collusive activity with respect to quote submissions. Communications include, but are not limited to, physical documents, emails, exchanges through other electronic messaging systems, and telephone conversations. Communications include internal exchanges between staff at the Panel Bank, and between Panel bank staff and external parties.



Submitters and Approvers should not involve themselves in communications, whether internal or external to the Panel Bank, that attempt to influence the submissions of their own or any other Panel Bank or to cause the violation of any applicable rules related to Euribor submission activities.

Panel Banks should design the physical layout of their dealing operations to separate as far as practical the Submitters and Approver locations from other units dealing in Euribor-related instruments and derivatives, in order to discourage improper or inadvertent communications.

5. Quote Submissions and Corroboration

The following definitions from the Euribor Code of Conduct are included here for convenience of reference.

A **Prime Bank** should be understood as a credit institution of high creditworthiness for short-term liabilities, which lends at competitive market related interest rates and is recognized as active in Euro-denominated money market instruments while having access to the Eurosystem's open market operations.

An **Interbank Transaction** should be understood as a cash deposit between two credit institutions maturing by one year from inception.

Euribor is defined as the rate at which Euro interbank term deposits are being offered within the Eurozone by one Prime Bank to another Prime Bank at 11am Brussels time.

A Panel Bank should submit the Euribor rates that it believes one Prime Bank is quoting to another Prime Bank for Interbank Transactions within the Eurozone for specified tenors.

5.1. General Principles

Panel Banks should observe the following general principles, elaborated further in this section, in developing and corroborating their quote submissions for Euribor. Panel Banks' adherence to these principles will be evaluated as part of the independent reviews described in Section 7.

- Panel banks should develop comprehensive, structured and documented policies and procedures for determining Euribor quote submissions.
- The approach used for the determination of quote submissions should be periodically reviewed and approved by an independent Risk Management or equivalent function within the Panel Bank.
- Panel Banks should develop effective procedures for quote corroboration, with a clear audit trail to facilitate subsequent reviews.
- Panel Banks should establish clear criteria for Prime Banks for the purposes of applying the Euribor definition to the determination of quote submissions.
- Panel Banks should develop a clear list of priorities as far as data inputs are concerned, including transaction data, market quotations and expert judgment, which reflect or influence Euribor rates.

5.2. Policies and Procedures for Determining Quote Submissions

Panel Banks should develop a systematic approach to the determination of their quote submissions for Euribor.

The specific approach adopted by each Panel Bank should be fully documented. The approach should be reviewed and approved at least annually by an independent Risk Management or equivalent function within the bank with sufficient expertise and market knowledge to render an informed judgment and recommendations, if any, for adjustment.

5.3. Supporting Data

Panel Banks should identify a range of objective, verifiable market data to be used as input to informing the daily quote submissions, when possible. The general priority accorded to each data type should be specified as part of the documented policy for determining quote submissions. Expert judgment will also be used as a further factor, provided the use of such judgment is documented, based upon reasonable criteria, and applied in an objective and consistent fashion.

Relevant market data include, but are not limited to, the following:

- Panel Bank's observation of transactions in the unsecured Euro cash deposit markets, classified according to whether the parties are designated "Prime" or not;
- Panel Bank's observation of transactions in other related markets, including but not limited to, other unsecured Euro deposit markets, overnight index swaps, secured markets including repos, foreign exchange forwards, central bank operations and interest rate futures ;
- Panel Bank's observation of executable quotes in the aforementioned markets;
- Panel Bank's observation of non-executable indications of interest in the aforementioned markets.

Each Panel Bank should determine the relative priority accorded to the above data categories. Transactions may include both those to which the Panel bank is a party and those among third party banks. The following overall guidance should be observed:

- Transactions or quotes in the markets and among parties that most closely accord with the definition of Euribor (ie Interbank Transactions between Prime Banks) should be accorded relatively higher priority;

- Transaction data should be accorded relatively higher priority than executable quote data, which in turn should be accorded higher priority than non-executable price indications;
- Data closer in time to the submission deadline should be accorded relatively higher priority;
- Transactions for exceptionally large or small size relative to the respective tenor should be accorded lower priority within the overall categories of transactions.

5.4. Submission Procedures and Controls

Panel Banks must provide their quote submissions in conformity with the detailed operating procedures specified by the Calculation Agent.

Panel Banks must provide their quote submissions:

- to the best of their knowledge, in accordance with the definition of Euribor set out in the Euribor Code of Conduct;
- for the complete range of tenors as set out in the Euribor Code of Conduct;
- on a timely basis, within the submission window specified by the Calculation Agent;
- on all days when Target is open;
- accurately, to two percentage decimal places.

Panel Banks belonging to the same group should provide one consolidated set of data. Intra-group transactions (e.g. branches and subsidiaries) should not be included in determining the submissions of such a group if one of the two counterparties to the transaction is consolidating the other in financial reporting.

The quotes should be prepared by an authorized Submitter, according to the Policies and Procedures for quote submissions.

The quotes should be reviewed for reasonableness by an authorized Approver prior to submission. The actual transmission of the quotes to the Calculation Agent's system should be automated to the extent feasible and overseen by the Submitter. A "four-eye" process should be applied before final transmission to avoid basic data errors, particularly where manual inputs are required. The connection ID numbers and names of the Submitter and Approver for each daily submission will be recorded and retained.

5.5. Support Infrastructure

Euribor quote submissions are high frequency and time critical tasks, requiring high standards of accuracy and ability for post-submission review. Panel Banks should therefore develop robust infrastructure, with appropriate resiliency and automation, to support the timeliness and accuracy of submissions.

Panel Banks should also develop a contingency plan for making quote submissions in the event of failure, either technical or human, in their normal supporting infrastructure. This contingency plan should be advised to the Calculation Agent and EMMI in advance. The Panel Bank should also undertake periodic testing of the contingency plan.

6. Control Environment

6.1. Confidentiality and Data Protection

A Panel Bank's contribution rates should be classified and treated as confidential, non-public, price-sensitive information prior to their publication on a daily basis. This designation should be reflected in the operating procedures adopted by the Panel bank for the handling of such information.

Panel Banks should maintain contingency arrangements should information related to quote submissions be exposed to unauthorized parties, either within or outside the Panel Bank, before such information is publically available. In such cases, EMMI and competent supervisory authorities should be notified promptly, in accordance with established provisions for the exposure of confidential data.

The system(s) used for the quote submission process must meet minimum security standards in order to avoid unwanted, uncontrolled changes and amendments to the quotations (eg personal logins, passwords, etc.).

6.2. Record Retention

Panel Banks should retain records of all relevant aspects of their activities with respect to their Euribor submission activities.

Records should be retained in a medium and format that makes it readily accessible for future reference. Appropriate security measures should be applied so that records cannot be changed or manipulated. Records should be furnished to independent reviewers, EMMI and competent supervisory authorities in a timely manner upon request.

Physical and electronic records should be retained for a minimum period of five years. Voice communication records (as detailed in section 6.3) should be retained for a minimum period of two years.

Records retained by Panel Banks should include:

- Policies and procedures relating to the governance, oversight and methodologies applied for the submissions process;
- Reports produced from the independent review processes, including regular monitoring reports and the reports of internal and external auditors. Subsequent reports on actions taken and progress in implementing remedial actions should also be retained;

- Records of submission queries and complaints, and their respective outcomes;
- Listing of the Submitters and Approvers, including their names and general roles, with the dates when submission-related roles were authorized or exited;
- Record of disciplinary actions taken against any Panel Bank staff in respect of Euribor-related activities;
- Communications of the Panel Bank with EMMI or the Calculation Agent;
- Daily records of Euribor quote submissions, including the particular Submitter and Approver; summary of market data supporting the submission; any potentially relevant material transaction or market data which was deliberately excluded from the submission determination; transactions whose data was an input to the submission but which were subsequently amended, cancelled or reversed; summary of special factors taken into account, with justification if expert judgment is being applied materially; record of when Approver over-rides Submitter's recommendations, with rationale;
- Daily position or risk reports for units which undertake dealing activity in Euribor-referencing instruments or derivatives, showing sensitivity exposure to Euribor.

6.3. Recording of Communications

Panel Banks should record all communications relevant to the quote submissions activities.

Submitters and Approvers should conduct all communications related to the submissions activities on the Panel Bank's recorded communications systems (email, phone or other) or on systems specifically provided by the Calculation Agent for the transmission of quotes. No communication related to quote submissions should be conducted in a manner to prevent the Panel Bank from recording them (eg by personal cellphone or through personal emails or text messages).

Specific communications which should be recorded include those:

- among Submitters and Approvers;
- between Submitters or Approvers and internal or external third parties;
- between staff in Panel Bank units that deal in Euribor-referenced instruments or derivatives and internal or external third parties.

6.4. Complaint Procedures and Whistleblowing

Panel Banks should establish, implement and enforce policies and procedures for handling complaints from internal or third parties, including EMMI and the Calculation Agent, in respect of their Panel Bank obligations or of other factors of which they become aware that may compromise the integrity of the Euribor benchmark. Such complaints include those arising from internal or external whistleblowers.

The policies and procedures for handling complaints should cover at a minimum:

- the assignment of overall responsibility for complaints management to an independent function (typically Compliance);
- the operational processes to record to record all complaints;
- the implementation and communication to staff of a well-documented complaints and whistleblowing escalation process within the Panel Bank;
- the timely allocation of sufficient and independent staff resources to review and investigate complaints;
- the review of complaints by senior independent management, the Chief Compliance Officer or equivalent;
- the reporting of material complaints, actions recommended, and/or actions taken, to the Chief Executive Officer and/or Board of Directors;
- the reporting of misconduct and internal disciplinary proceedings to competent supervisory authorities.

The Panel Bank should inform EMMI and the competent supervisory authority without delay if they suspect that any person is manipulating, attempting to manipulate, or colluding in an actual or attempted manipulation of a Euribor quote submission or fixing, either currently or in the period from the Effective Date of this COPB.

7. Independent Review

7.1. General

Panel Banks should establish, implement and maintain policies for independent reviews of their compliance with Panel Bank obligations in relation to Euribor quote submissions.

Such reviews should include:

- ongoing continuous monitoring of quote submissions by independent Risk Management and/or Compliance functions;
- periodic and unscheduled reviews by independent Risk Management and/or Compliance functions;
- reviews by the Panel Bank's Internal Audit function at least annually;
- review by an external auditor or other expert third party at least annually.

Reports of the findings of the reviews, recommendations and follow-up actions should be made to senior management including the Chief Executive Officer, and, in summarized form, to the Board of Directors.

Any material issues arising from the reviews, as determined by the senior executive responsible for the review, should be reported on a timely basis to the Panel Bank senior management so that mitigating actions can be taken. In particular, where a review uncovers material breaches or unethical behaviors in the quote submissions process, the Chief Executive Officer, the Board of Directors, EMMI and the competent supervisory authority should be immediately informed.

EMMI shall have the right to commission an external audit of one or more Panel Bank's Euribor submissions activities if EMMI has reasonable grounds to believe that the integrity of the Euribor benchmark is being compromised as a result of such activities.

7.2. Continuous Monitoring

The Panel Bank's independent Risk Management or equivalent function should monitor quote submissions activities. Monitoring should take place on a daily basis, in relation to individual quote submissions, and on a longer time scale, typically quarterly, in relation to trends in the submissions. Daily monitoring should cover the reasonableness of the submissions in relation to market conditions and the supporting data used by the Submitter. Longer-term monitoring should back-test submissions in comparison with other Panel Banks' submissions, the final daily Euribor fixings and identified trends in the Euro money markets. The independent Risk Management

function should also review quote submission trends in comparison to significant Euribor-exposures incurred by dealing units in the Panel Bank, to identify circumstances where dealing units may benefit from a particular patterns of submissions.

The Panel Bank's Compliance or equivalent function should continuously monitor quote submissions activities for conformity with the Euribor Code of Conduct, applicable regulation and other internal controls. Breaches should be escalated to senior Panel Bank management. Material deficiencies should be reported to EMMI and competent supervisory authorities.

The Panel Bank should develop and implement analytic and exception reporting systems to facilitate such monitoring by the Risk Management and Compliance or equivalent functions.

Quarterly summary reports on monitoring should be made by the Risk Management and Compliance units to the appropriate senior management Risk Committee or equivalent.

7.3. Internal Audit

The Panel Bank's Internal Audit function should review and validate all policies, procedures and operating processes relating to Euribor submissions at least annually. Internal Audit may conduct such reviews as part of broader audits within the Panel Bank, but should ensure that the reviews are appropriately focused on the detailed submissions activities.

The reviews should include random sample testing of at least three days complete submissions processes. The reviews should also cover a sampling of communications with the Submitters and Approvers. The Internal Audit function should produce a report of each review, communicating findings as detailed in 7.1 above.

7.4. External Audit

The Panel Bank should commission an annual review of the Euribor submission processes by an independent, third-party auditor. This review may be conducted as part of the Panel Bank's regular external audit or equivalent, but should ensure that the review is appropriately focused on the detailed submissions processes and that a separate report of the review is produced. The review may be conducted by the Panel Bank's appointed external auditor or other party with expert knowledge of benchmark-related and audit processes. The independent auditor should provide the report of the review to the Panel Bank senior management and to the European Money Markets Institute. The Communication of material findings should be made to other parties, as detailed in section 7.1 above.



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EURIBOR CODE OF CONDUCT

Declaration of adherence to the Code by Panel Banks

XXX [the Bank] member of the Panel for the determination of Euribor, confirms:

- that the Bank adheres to the Euribor Code of Conduct;
- that the Bank agrees that this declaration is made public.

Place and date:

Name and Signature: