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22.12.2000

THE STEERING COMMITTEE

MINUTES OF THE 14th MEETING OF THE EURIBOR STEERING COMMITTEE
- Brussels, 20 December 2000 -

The meeting was chaired by Mr N. Bömcke.

A list of participants is attached (enclosure 1).

1) NEW COMPOSITION OF THE COMMITTEE

The Chairman welcomed the new members of the Committee, Mrs Niki Soulopoulou, Mr Juan Luis Mayordomo and Mr Georg-Heinrich Sieveking. The Chairman also thanked Mr Dekeukeleire, member of the old Committee, for his past support and work on the Euribor Steering Committee.

2) REVIEW OF THE EURIBOR AND EONIA PANEL

The Chairman noted that the National Bank of Greece would start effectively quoting from January 2001. He reminded the Committee that, though country quotas no longer formally existed, to ensure continued balanced representation on the Panel a minimum of one bank from each Euro country remained the ideal. It was clear, therefore, that the result of mergers between Panel banks could have one of two consequences; either the size of the Panel would continue to shrink or new banks would have to be invited to join.

The Committee then discussed the recent and imminent changes to the Panel. It was generally felt that the current size of the Panel did not raise any technical problems. It was further noted that the credibility of the Panel could be undermined were it to shrink too far. That was not, however, currently an issue. There was still a good spread of banks in the Panel.

Conclusions

- The National Bank of Greece's technical preparations had progress well but there remained a question over the confidentiality of the data for Eonia provided to Bridge. It was agreed the Chairman would investigate.
- Rotation was still justified in Belgium and Ireland.

- Banque CPR has been taken over by Crédit Agricole: a letter will be sent to CPR asking for confirmation that they will leave the Panel.
- CCF has become a 100% subsidiary of HSBC and hence is part of the same group as Midland. A letter will be sent to both CCF and HSBC to find out which will quote in the future.
- Banca Commerciale Italiana and Banca Intesa have announced a merger. Letters will be sent to both banks.
- Morgan Guaranty Trust Company of New York closed its money market activities within the Euro zone at the end of June 2000 and has therefore left the Panel.
- BHF-Bank AG has been purchased by ING Bank. Since only one bank of the same group is entitled to quote for Eonia, ING Bank will continue quoting for Eonia but BHF Bank AG stopped quoting as of 1 July 2000.
- Banque Nationale de Paris and Paribas merged on 24 May 2000. Since only one bank of the same group is entitled to quote for Eonia, Paribas will continue quoting for Eonia under the name of the new entity, "BNP-Paribas", and Banque Nationale de Paris has stopped quoting.
- Banque Internationale à Luxembourg and Crédit Communal de Belgique both belong to the Dexia Group and therefore, since only one bank of the same group is entitled to quote for Eonia, it was agreed that Dexia Banque would continue to quote for the group and that as of 1 August 2000 Banque Internationale à Luxembourg would stop quoting.
- It was noted that it was possible that Bank Austria might, in the near future, leave the Panel due to its planned merger with Bayerische Hypo- und Vereinsbank. Again a letter would be sent, to ask for clarification. The Committee noted that were this to happen there would be only one Austrian bank on the Panel.

3) **ADMISSION OF A GREEK BANK INTO THE PANEL**

The Chairman welcomed the National Bank of Greece to the Panel.

4) **REQUEST OF UBS WARBURG TO PUBLISH EURIBOR ON WEB SITE**

The Committee thought that there was no problem in UBS Warburg placing Euribor on its website since the information was in the public domain. However, it was agreed that the contract with Bridge would be double checked to ensure compatibility.

5) **REQUEST FROM MONEY LINE FOR THE DISPLAY OF EURIBOR AND EONIA**

The Committee concluded that the request from Money Line raised the same issues as that from UBS Warburg. There would be no objection subject to confirmation that there were no problems with the contract with Bridge.

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6) AVAILABILITY OF HISTORICAL DATA

The Chairman reported that the availability of historic data was one of the most frequent questions raised. The data was only easily available on Bloomberg's. The Committee concluded that the historic data should, unless there were legal problems, be available on the Euribor website. It was agreed that the issue would be discussed with Bridge. It should be possible to arrange with Bridge that after one month data was downloaded to the Euribor website.

7) QUESTIONS FROM THE PUBLIC REGARDING EURIBOR AND EONIA

It was noted that many of the questions received were either not relevant to Euribor or Eonia, but had to do with market conventions, or were amply answered on the Euribor website.

It was agreed that the FAQ section of the Euribor website would be updated and that inquiries from the public would be directed to it.

8) REQUEST FROM RAIFFEISEN ZENTRALBANK OESTERREICH AG TO JOIN THE PANEL

The Committee studied at length the request from Raiffeisen to join the Panel. It was unanimously concluded that Raiffeisen should be invited to join the Panel. The Chairman will write to Raiffeisen to inform the bank of the decision of the Steering Committee and to arrange for the necessary operational testing period prior to Raiffeisen commencing to effectively quote.

9) MODIFICATION OF THE EURIBOR FIXING TIME

The Chairman asked the Committee whether the difference in the fixing time of Euribor and Libor, in particular \$Libor, raised sufficient market concerns to justify a change in timing.

It was noted that changing the time of the fixing would raise significant legal issues. Moreover, it was generally felt that the amount of market risk generated by the one-hour difference was relatively small.

It was concluded that the issue should be discussed with the British Bankers' Association, but that the risks were very small and the argument for moving the timing relatively weak.

10) EXPANSION OF THE NUMBER OF MATURITIES FOR EURIBOR

The British Bankers' Association plans to introduce TOM next / SPOT and a three-week fixing on 1 January 2001 for LIBOR. The Committee was doubtful that extra maturities were desired by the markets. It was noted that a three-week fix might have an application in Germany due to regulatory liquidity requirements.

It was agreed that there was no reason to introduce TOM next / SPOT. Further study was required on the issue of three- and two- week fixings for the money markets. A key issue was whether a repo three- and two- week fixing might be a more useful development for

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the markets. Therefore, for the time being the maturity ladder for Euribor was left unchanged.

11) ANY OTHER BUSINESS

A short discussion was held on market manipulation. The problem appeared to be solved at present.

12) DATE AND PLACE OF NEXT MEETING

The next two meetings of the Committee, both to be held in Brussels, were agreed for 20 June and 12 December 2001.

Presentation by Mr DeVidts, Fortis Bank

Mr DeVidts gave a presentation on the request by the European Repo Council for a fixing for Euro repo settlement rates.

The Committee thanked Mr DeVidts. It was concluded that the issues raised were more for the European Banking Federation to handle rather than the Euribor Steering Committee. A meeting should be arranged between ERC, EBF and the BBA.

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FEDERATION BANCAIRE DE L'UNION EUROPEENNE

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LIST OF PARTICIPANTS

Mr Nikolaus BÖMCKE

Mr Nicolas BOUTET

Mr Jos DEKEUKELEIRE

Mr Juan Luis MAYORDOMO

Mr William PORTER

Mr Georg-Heinrich SIEVEKING

Mrs Niki SOULOPOULOU

Mr Peter TWILHAAR

Mr José Maria VERDUGO

FBE Secretariat:

Mr Michael VERCNOCKE

Excused

Mr Angelo BRIZZI

Mr Helmut KONRAD

Mr Jean-Pierre RAVISÉ