

44th MEETING OF THE EURIBOR STEERING COMMITTEE
– Brussels, 9 October 12.30pm to 17.00pm CET –

Revised Minutes

The Chairman, Mr G. RAVOET thanked all participants for attending the meeting.

Mr G. RAVOET informed the Members on the latest changes in the Euribor Steering Committee composition. He explained that Mr R. PEIRCE left the Euribor Steering Committee and joined the Conflicts of Interest Oversight Committee (CIOC). He thanked him for his fruitful collaboration.

In turn, he explained that Mr J. BESUIJEN, former Member of the CIOC had replaced Mr R. PEIRCE in the Euribor Steering Committee.

He added that the composition of the Euribor Steering Committee should be further enhanced and that the Secretariat was currently seeking candidates.

A list of participants is hereby attached.

1. SET UP OF A TECHNICAL SUB-COMMITTEE

Mr G. RAVOET informed the Members on the need to create an advisory group of technical experts responsible for reporting to the Steering Committee on technical aspects such as data sufficiency criteria, the establishment of procedures to monitor market volumes and analyse the less used tenors, as well as enhancements to the back-testing programme, among others. The Committee agreed to establish a Technical Sub-Committee composed of Committee members, which will be supported by the Secretariat. The Technical Sub-Committee may also seek external expert assistance as needed. The Secretariat will develop a formal charter for the Technical Sub-Committee for approval by the Steering Committee. All proposals from the Technical Sub-Committee will be reviewed for approval by the Steering Committee in the first instance.

2. MARKET CONDITIONS AND SUPERVISORY FRAMEWORK

Mr G. RAVOET gave an update to the Members on the state of play of the European Regulation for Benchmarks used as Financial Indices. He explained that it is expected that it will be voted in the ECON Committee on March 2015. However, it is not expected that the Regulation will be enforced before the end of 2015.

3. REVISION OF THE EURIBOR DEFINITION

The FSB's July 2014 report on "Reforming Major Interest Rate Benchmarks," noted that risks associated with transitions to a transactions-based benchmark (e.g., Euribor+), lacking a legislative framework allowing continuity even through definition changes, could be reduced by ensuring that changes or refinements in definition and methodology be undertaken gradually and conducted within the context of the existing benchmark administrator.

In this context, Steering Committee Members discussed the possibility of further clarifying the definition of Euribor as this may ensure that the current Euribor can (i) remain fit for purpose for an extended period, (ii)

enhance conformity with regulatory guidance, and (iii) assist in smoothing any eventual transition to a transactions-based benchmark for unsecured Euro money market rates.

Members highlighted that the key components of the Euribor definition to be refined may include (i) the definition of prime bank, (ii) the treatment of borrowing transactions in informing submissions; and (iii) the domicile of panel banks. Members recommended that a SWOT analysis should be undertaken of the definitional changes to assess the main potential issues that may arise.

Gradual enhancements in the Euribor definition may strengthen the current Euribor, in the event Euribor+ implementation requires an extended period or is deferred. Refinements to the Euribor definition may also smoothen the ultimate transition to Euribor+.

Members noted that per EMMI's consultation policy (discussed under item 5), the above refinements, if proposed, should be subject to consultation among all relevant stakeholders. They agreed that EMMI should conduct an impact assessment analysis to support such a consultation, and detail the reasons for enhancing the Euribor definition.

4. SUBMISSION DATA TRANSPARENCY

The IOSCO Review of the Implementation of IOSCO's Principles for Financial Benchmarks by Administrators of Euribor, Libor and Tibor recommends that EMMI work in collaboration with the Panel Banks to disclose additional data upon which rate submissions are based, subject to appropriate confidentiality protection. On March 2014 EMMI distributed a survey to panel banks to assess on a "point in time" basis the quote submission methodologies employed by each bank, including the use of expert judgment. However, IOSCO requires the publication of the additional data with each benchmark determination. These additional data may also include indications of market liquidity.

To this end, Members discussed the development of a standardized set of information for panel banks to complete daily, aimed at reflecting the market conditions on the given day. This additional set of information should not impose a material additional burden for panel banks – therefore, if possible, it should be conducted through an automated process. The Secretariat will develop a proposal for such and submit it to the Steering Committee for their feedback.

5. ELABORATION OF A CONSULTATION POLICY

Following the IOSCO Principles, in particular principle 12 on Changes in Methodology, "the Administrator should develop Stakeholder consultation procedures in relation to changes to the Methodology that are deemed material by the oversight function, and that are appropriate and proportionate to the breadth and depth of the Benchmark's use and the nature of the Stakeholders".

In this context, the Secretariat presented to the Members a draft consultation policy and procedure. This policy defined "material changes" to include any changes in the benchmark definition or methodology, changes in the published maturities and/or changes related to a possible discontinuation of a benchmark, any of which could impact the ability of a stakeholder to use the benchmark in the established manner. The materiality of a change will be determined by the corresponding benchmark Steering Committee. Members approved the proposed consultation policy.

6. PREPARATION OF A CONFIDENTIALITY POLICY

Mr G. RAVOET informed the participants that the Secretariat was working on a formalized confidentiality policy applicable to all employees, consultants and temporary employees of EMMI. The policy requires that appropriate

safeguards be established for the protection of proprietary and confidential information, including that received from the panel banks, the calculation agent, or other benchmark stakeholders.

Members suggested broadening the scope of the confidentiality policy as to also cover Members from the corresponding Steering Committees.

Mr G. RAVOET informed the participants that the draft confidentiality policy would be also submitted to EMMI's lawyers to confirm its compliance with Belgian law.

7. TRANSITION PLAN

Members discussed the proposed roadmap for the implementation of a transaction-based Euribor benchmark detailed in the FSB's July 2014 Report on "Reforming Major Interest Rate Benchmarks". They agreed that a specific Transition Plan with respect to Euribor+ program should be developed. To this end, the Secretariat will create a Transition Task Force, undertake a consultation on the methodology and transition issues of the Euribor+ benchmark, and develop a transition policy.

8. NOTICE TO USERS OF EURIBOR

As per the EBA-ESMA Principles, Benchmark Users should regularly assess the benchmarks they use in financial products or transactions, and verify that the benchmark used is appropriate, suitable and relevant for the targeted market. In this context, Mr G. RAVOET suggested to publish on EMMI's website a notice highlighting for benchmark user their responsibilities in the event that the discontinuation of a benchmark should take place.

Members agreed to publish the following notice "*EMMI recommends that users of EMMI Benchmarks (currently Euribor, Eonia and Eurepo) regularly assess that the Benchmark used is appropriate, suitable and relevant for the targeted market and put in place contingency provisions in case of benchmark discontinuation.*"

9. ANY OTHER BUSINESS

a) Tentative calendar

Members agreed with the tentative calendar of bi-monthly Steering Committee meeting to be held in 2015.

They pointed out that rules of procedure for voting among Steering Committee Members should be clarified in the coming revision of the Code of Conduct.

b) Classification of Steering Committee members

Mr G. RAVOET suggested that in order to enhance transparency, the biographies of the Steering Committee Members available in the EMMI website should distinguish between "members directly or indirectly affiliated to panel banks" and "non-panel bank members". Members agreed with such classification.

It was also suggested that to enhance the market expertise of the Steering Committee, the Steering Committee should also include candidates active in the money markets even from banks not belonging to the Euribor panel.

Enclosures: D0335B-2014-List of participants

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LIST OF PARTICIPANTS

Chairman

Mr Guido RAVOET EMMI Secretary General

Members

Mr Alberto COVIN

Mr José María VERDUGO

Mr Philippe JEANNE

Mr Olivier BRISSAUD

Mr Bruno COLMANT (By Conference Call)

Mr Karel LANNOO

Mr Jac Besuijen

EMMI

Ms Andrea FERNANDEZ

Mr Corentin CUSTINNE

Guest Observer

Mr Anthony MURPHY Promontory

Excused

Mr Andreas Biewald