

ABRIDGED MINUTES OF THE 19th MEETING OF THE EURIBOR STEERING COMMITTEE
- Brussels, 9 December 2003 -

The meeting was chaired by Mr BÖMCKE.

1. WELCOME

The Chairman welcomed the participants and in particular Mr HAÜSER (Dresdner Bank) and Mr WOOD (HSBC) who were attending their first face-to-face Committee meeting.

Mr BÖMCKE insisted on the importance for the Committee to meet regularly regardless of the importance of the agenda. It was suggested and agreed that the Committee should meet physically at least once a year.

2. ADOPTION OF THE MINUTES OF THE PREVIOUS MEETING

The Secretariat had received no written comments on the minutes of the previous meeting. The **Committee adopted the said minutes.**

3. MATTERS ARISING FROM THE PREVIOUS MINUTES

Mr BÖMCKE reported on the steps taken by the Secretariat since the previous meeting as regards the following issues:

Business day conventions & EURIBOR

A letter has been sent to ACI's President, Mr LIGTHART, mentioning that the EURIBOR Steering Committee has endorsed ACI's position on the use of business day conventions in relation to EURIBOR.

The EURIBOR website has been completed and now clearly indicates the applicable business day convention. The EURIBOR panel banks have been informed in writing about this.

Availability of EONIA panel banks

A letter has been sent to all panel banks reminding them of their obligation to remain available until 19:00 and asking them to provide the Secretariat with the contact details of the persons whom the ECB can contact in case of need.

Definition of EONIA transactions

The EURIBOR website has been completed and now indicates that the ECB's liquidity-absorbing fine-tuning operations are not included in the EONIA reporting as such operations are not inter-bank market transactions.

Definition of “overnight”

The EURIBOR website has been completed and now indicates that 'overnight' means from one TARGET day to the next TARGET day.

EONIA Swap Index

Mr BÖMCKE informed the Committee of EURIBOR FBE's decision of 26 September 2003 not to sponsor the EONIA Swap Index given the very limited support the proposal of the Derivatives Working Group of ACI had received.

Mr HÄUSER mentioned that some important changes were recently made to the said proposal which, as a result, was now also acceptable to the Money Market Working Group of ACI. He suggested that EURIBOR FBE members be asked to consider the *new* proposal.

Mr BÖMCKE said that he was willing to forward the *new* proposal to the members of EURIBOR FBE for their consideration provided however that the new proposal be supported by ACI (and not only by one or several of its Working Groups). He expected an official letter from ACI. He stressed the importance of having several national banking associations clearly in favour of the project and therefore called on ACI members to actively participate in the discussions that might take place at national level.

4. REVIEW OF THE EURIBOR PANEL

The Committee reviewed the composition of the panel of reference banks.

5. TARGET HOLIDAYS

a) 2004 calendar

The Committee confirmed that EURIBOR and EONIA will follow the 2004 TARGET holiday calendar.

b) EONIA on 24 and 31 December 2003

The Committee decided that a letter should be sent to all panel banks reminding them of their obligation to make the necessary arrangements in order to contribute to the EURIBOR and EONIA fixings on Wednesdays 24 and 31 December 2003. The letter should be similar to the one sent in 2001 and 2002.

6. EURIBOR/EUREPO BASIS SWAPS

Mr BÖMCKE mentioned Icap's plan to launch EURIBOR/EURIBOR basis swaps.

Icap is expected to give a presentation of the product in the first quarter of 2004 in London.

EURIBOR FBE welcomes this new development as it may increase market participants' interest in EUREPO.

7. EURIBOR WEBSITE

Mr BÖMCKE informed the Committee that EURIBOR data was now made available on the EURIBOR website on a same day basis. EONIA data was available on t+1.

The Committee welcomed this new functionality and suggested that the panel banks be informed thereof.

8. ANY OTHER BUSINESS

a) Visit of Bank of Korea

Mr BÖMCKE reported on the meeting he had with Bank of Korea who is considering creating a benchmark similar to EURIBOR in Korea.

b) ECB study

Mr BÖMCKE informed the Committee that -in accordance with the decision of the Steering Committee of 12 December 2001¹- he granted the ECB permission to use EONIA data for research purposes provided however that only aggregate and unanimous data be made public.

c) Panel banks – EMU countries

It was decided that a clarification of the Code of Conduct should be made (by way of some kind of “interpretative note” attached to the Code) as regards the necessity for panel banks to contribute their data from within EMU countries. Mr P. TWILHAAR agreed to put forward a draft wording to that effect. The issue could also be addressed in the FAQ section of the EURIBOR website.

d) Governance – Internal Audit

Mr BÖMCKE insisted on the importance for EURIBOR FBE to have in place good governance and (operational) risk management practices. He asked the Committee whether anything specific should be undertaken in that respect.

It was suggested that EURIBOR FBE should, once a year:

- ask all panel banks to confirm the contact details of the persons involved in the EONIA and EURIBOR formation processes;
- require EONIA panel banks to state in writing (at the appropriate, senior, level) that they have in place the mechanisms that are necessary to ensure that the reported EONIA data (volumes and rates) is correct.

This was agreed unanimously. The Secretariat was asked to draft the letter (statement) and submit it to the Steering Committee for approval.

¹ See minutes of the 16th meeting of the EURIBOR Steering Committee (Secretariat letter 002 of 14th of Jan. 02).

9. DATE AND PLACE OF 2004 MEETINGS

The dates of the 2004 meetings of the Committee are as follows:

- Tuesday 8th of June 2004, 11:00 a.m. (conference call).
- Tuesday 14th of December 2004, 11:00 a.m. (in Brussels).