

**MINUTES OF THE 15<sup>th</sup> MEETING OF THE EURIBOR STEERING COMMITTEE**  
- Brussels, 20 June 2001 -

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The meeting was chaired by Mr N. Bömcke.

A list of participants is attached (enclosure 1).

**1) ADOPTION OF THE MINUTES OF THE PREVIOUS MEETING**

The minutes of the previous meeting, circulated under Secretariat letter n°1125 of 22 December 2000, were approved without amendment.

**2) REVIEW OF THE DEFINITION OF EURIBOR**

Mr Sieveking said that he had wished to raise this issue in light of comments by some clients that there was little liquidity at the seven-month benchmark. He suggested that the definition should be amended from "interbank" to "money market products" to reflect the synthetic nature of the seven-month quotation. Mr Twilhaar pointed out that there was no requirement for liquidity, simply that a panel bank would expect to transact at the rate they quoted. Though liquidity was low transactions did exist. The Steering Committee noted that there had been a move towards the shorter end of the market but that in the future this could be reversed. It was, moreover, noted that a change in the definition would result in legal problems since it would be construed as a change in the basis of the rate.

**Conclusions**

It was agreed that there should be no change in the definition. A standard deviation assessment at all maturities might be undertaken to demonstrate that there were no problems with the rates at the longer end of the market.

### 3) REVIEW OF THE EURIBOR AND EONIA PANEL

The Committee considered the panel list. It was noted that there were no additions to be made but that a number of banks needed to be deleted. In general it was stated that the list should be kept as current as possible.

#### Conclusions

The Secretariat was charged with reviewing the veracity of the list on a regular basis.

### 4) ADMISSION OF AN AUSTRIAN BANK INTO THE PANEL

The Committee was informed that Raiffeisenbanken, from Austria, had accepted the Steering Committee's invitation and had joined the panel. After a trial period it had now commenced to quote effectively.

### 5) AVAILABILITY OF HISTORIC DATA

It was reported that the historic Euribor data had been installed on the Euribor website. It was agreed that this would greatly reduce the number of questions directed to the Secretariat.

The Steering Committee noted that Bridge was the subject of some concern in the US. It was generally felt that it was unlikely that Bridge would be allowed to fail and as a last resort it would be purchased. Nevertheless, the Committee felt that it would be prudent for the Secretariat to investigate what form of contingency plan might be envisaged were Bridge (which is fundamental to the current contingency plan) to be unable to function. It was felt that, at least for a short period, it would be possible to have a fall-back system based on e-mail that would allow Euribor to be posted by the EBF on the Euribor website. Another possibility might be for the Secretariat to approach the ECB for support; given the danger to financial stability a failure would posse.

#### Conclusions

It was agreed the Secretariat would study the issue of an emergency contingency plan including the possible support of the ECB.

### 6) EXPANSION OF THE NUMBER OF MATURITIES FOR EURIBOR

The Committee confirmed its earlier view that there was no reason to introduce TOM next / SPOT; however, after consideration it was agreed that three- and two- week fixings should be introduced. This would bring Euribor more closely in line with the proposed maturities for Eurepo and would fulfil a useful function in the money markets. The timing of the introduction of the new maturities would depend in part on Bridge but should also take into account the ability of the panel banks to make the necessary changes. With the introduction of the Euro 1 January 2002 might not be the ideal date.

#### Conclusions

The Secretariat was mandated to approach Bridge to discuss the technical aspects of the introduction of the additional maturities. Once a possible timeframe had been explored with Bridge the Steering Committee should be informed so as to consider the best date for introducing the new maturities.

## 7) EUREPO PROJECT

Mr Bömcke updated the Committee on the status of the Eurepo project, which was on track. He said that a panel of 37 banks had been agreed with the ERC at the second meeting of the Eurepo group, which represented the entire industry. The list was now under consideration by the EBF and the two other European Credit Sector Associations.

The Committee expressed concern over the list of general collateral. It was felt that if bonds included in the list were, in practice, not accepted in the market as general collateral the Eurepo rate would not truly reflect the market rate. It was essential for the success of Eurepo that the market saw the rate as sound.

## 8) ANY OTHER BUSINESS

### a. *Transparency*

Mr Bömcke reported that there had been some requests for greater transparency in the working and reporting of the meetings of the Steering Committee. The Committee felt that it had nothing to hide except that discussions over the membership of individual banks had to be confidential. Other issues should in principle be disseminated to the Member Associations on a regular basis. Likewise there was no opposition to the circulation of a draft agenda to Member Associations, for comments, one month before the date of the meeting. It was agreed to proceed in this way.

### b. *Letter from the Association du Forex et des Tresoriers de Banque*

The contents of the letter from the Association du Forex et des Tresoriers de Banque concerning Eurepo were noted by the Committee. The proposal to create an Eonia swap index was considered but not supported by the Committee, on the grounds that there would be no market demand for such an index. The Steering Committee, on balance, believed that the creation of an Eurepo rate was warranted. Whether the market will use such a rate is totally open and will depend *inter alia* on the quality of the rate. But it was deemed necessary to offer such a rate.

## 9) DATE AND PLACE OF NEXT MEETING

The next meeting of the Committee, in Brussels, was confirmed as 12 December 2001, commencing at 10.00.

M4  
19.06.2001

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LIST OF PARTICIPANTS

Mr Nikolaus BÖMCKE

Mr Nicolas BOUTET

Mr Angelo BRIZI

Mr Georg-Heinrich SIEVEKING

Mrs Niki SOULOPOULOU

Mr Peter TWILHAAR

Mr José Maria VERDUGO

FBE Secretariat

Mr Michael VERCNOCKE