

Meeting Minutes

Meeting Title	76 th Steering Committee Meeting
Date and Time	18 th March 2020
Location	Conference call
Attendees	
Voting Members	A. COVIN (Chair); J. BESUIJEN A. BIEWALD; J.C. CUEVAS; V.VAN DESSEL; F. HEBEISEN; D. LE MASSON; C. MERKEL; T. MILLION (for item 1,2,3 and the beginning of item 4); T. MIRONCZUK; J.M. VERDUGO; L. VLAMINCK;
Non-voting members	J-L. SCHIRMANN (EMMI Secretary General, ex-officio member);
Observers	J. HORWITZ (EMMI Board of Directors; observer), R. PRIEM (FSMA)
Excused	
Secretariat	D. COWEN; C. CUSTINNE; P. DE DEYNE ; A. DE LISIO; T. DUFRESNE; J. FELDKAMP;
Quorum	12 out of 12 voting members for items 1 to 3 11 out of 12 voting members for items 4 to 12

Agenda Item	
WELCOME	<p>The Chair Mr A. COVIN welcomed the members to the meeting and thanked them for making themselves available for the meeting, which was exceptionally held by conference call due to the COVID-19 situation. Due to the ongoing situation, a significant portion of the agenda was devoted to discussing the relevant business continuity measures being taken to mitigate the consequences of the outbreak, as well as related measures for the Steering Committee itself (particularly in the case that the contingency methodology for EURIBOR or EONIA would need to be used). Therefore some of the planned items would not be presented or would be moved to the next meeting.</p> <p>The Chair also welcomed Mr J. HORWITZ, member of EMMI's Board of Directors, and Mr R. PRIEM from the FSMA, as observers for this meeting.</p>
ITEM 1 CONFLICTS OF INTEREST	<p>Discussion Points :</p> <p>The Chair reminded everyone that Members of the Steering Committee are appointed on a personal basis and should not be subject to instructions from the company/organization they are affiliated to (if any). Members are personally responsible to recuse of relevant decision making in the event a conflict of interest situation might arise.</p>

<p>ITEM 2</p> <p>MINUTES OF THE PREVIOUS MEETING</p>	<p>Discussion Points :</p> <p>The members reviewed the minutes of the previous meeting of the Steering Committee that took place on 21st January 2020.</p> <p>Decision and votes :</p> <p>The minutes of the previous meeting were approved unanimously.</p> <p>Action points :</p> <p>To publish the approved minutes on the EMMI website.</p>
<p>ITEM 3</p> <p>REGULATORY AND SUPERVISORY ISSUES</p>	<p>Discussion Points :</p> <p>Members had received a written report of the latest regulatory and supervisory developments and meetings. Due to time constraints the report was not discussed during the meeting.</p> <p>Decision and votes:</p> <p>n/a</p> <p>Action points :</p> <p>n/a</p>
<p>ITEM 4</p> <p>RESPONSE TO COVID-19</p>	<p>Discussion Points :</p> <p><u>Contingency plans of EMMI</u></p> <p>Mr J-L SCHIRMANN presented to the members the response and contingency arrangements made by EMMI to mitigate the situation regarding the outbreak of the COVID-19 virus. As of the current day, all EMMI staff members are working from home, and a part of the staff had already been working from home during previous days to avoid unnecessary staff interaction, particularly in business critical functions. The continuity of these functions has been secured, and performing them remotely has been tested. All communications continue as usual, using the existing business emails and phone numbers, and ensuring that the relevant recordkeeping and audit trails are maintained. The delegation and cascading of decision-making power has also been established in case of management absences.</p> <p>Mr C. CUSTINNE informed the members of the contingency measures surrounding the benchmark calculation infrastructure. The system remains available and accessible from remote locations. Users of the system, EMMI, GRSS and Panel Banks, would need to ensure that they have access to the multifactor authentication token that is sent to business email addresses. In an extreme scenario, this part of the multifactor authentication may be temporarily disabled.</p> <p><u>Contingency plans of the Calculation Agent</u></p> <p>Mr D. COWEN reported on the contingency measures taken by GRSS as the Calculation Agent of EURIBOR. He reminded the members that the Code of Obligations of the Calculation Agent (COCA) requires the Calculation Agent to develop and maintain robust</p>

systems and operational infrastructures, with appropriate resiliency including a disaster recovery capability, in order to ensure the consistent and timely determination of EURIBOR. GRSS has put in place a specific business continuity plan to cover societal disruption events, such as pandemics. This plan involves the GRSS staff members located in Prague being able to perform all the daily rate-setting process tasks remotely from home. GRSS had tested the plan over a period of two weeks to ensure each staff member has the necessary resources available to perform all the tasks. In a worst case scenario, GRSS is able to transfer the critical functions to other locations in the UK, Australia and New Zealand.

Contingency plans of Panel Banks

Mr J. FELDKAMP gave an overview of the contingency plans of Panel Banks. He informed the members that EMMI had reached out to all Panel Banks to invite each one to share the planning and measures they were taking to mitigate the situation that may have an effect on their contribution process to EURIBOR. He mentioned that there were multiple approaches reported by Panel Banks; some banks had moved the benchmark contribution staff to recovery sites or backup locations, staff had been split into two shifts to restrict interaction, and some staff members were working from home. The main concerns of EMMI were to ensure that the Panel Banks provided the administrator and GRSS the up-to-date contact details of staff members involved in the contribution, as well as ensuring that compliance with the Code of Obligations of the Panel Banks (COPB) is maintained, to the extent possible. In particular, Panel Banks should strive to ensure that the relevant communications are recorded, and that other record-keeping requirements and audit trails are met, even in contingency arrangements.

Members asked if the situation with the Panel Banks would be monitored on a regular basis. Mr J. FELDKAMP confirmed that this would be done. He also added that EMMI is planning to request all Panel Banks to systematically provide a Level 3 contribution each day for every tenor. This would comprise an added contingency layer, in case banks cannot be reached to re-confirm their Level 1 contributions and these would be needed to be discarded, potentially with limited time to receive a Level 3.

Members also asked if all compliance aspects of the contribution process would be observed also in homeworking setups. Mr J-L SCHIRMANN replied that all the usual steps in the contribution process would be maintained, for instance the 4-eye check requirement. He added that the contingency measures of Panel Banks had been signed off and monitored by the banks' internal risk and compliance departments, and that the banks remained supervised entities as contributors to a critical benchmark under the BMR.

Responsibilities of the Steering Committee

The Chair Mr A. COVIN reminded the members of the responsibilities of the Steering Committee during the exceptional circumstances. He recalled that the Steering Committee oversees the Calculation Agent's compliance with the COCA, and the Panel Banks' compliance with the Code of Obligations of the Panel Banks (COPB). Furthermore, in the exceptional circumstances the need to fall back on the contingency methodology for

EURIBOR may arise. The contingency methodology is used if by 12:30 CET either less than 12 banks have contributed, or the banks are from less than 3 different countries. In this case the EURIBOR rates from the previous TARGET day are re-published for the current TARGET day. In this event, the Steering Committee is reconvened in a special session as soon as possible to devise a resolution strategy to preserve the continuity of EURIBOR in line with the underlying interest it seeks to represent.

The Chair proposed to agree on a fixed time each day when the members should make themselves available for a conference call if the above mentioned scenario is realised. He also proposed that each member assign another member of the Steering Committee as their proxy (with backup proxies in a cascading order) for the duration of the exceptional circumstances, in case they are unavailable. Members should also provide the Secretariat with any alternative contact details from which they are reachable at all times. Finally, a short recurring bi-weekly call was proposed to keep the members up-to-date on all the latest developments regarding the COVID-19 situation.

EONIA/€STR contingency measures

Mr D. COWEN recalled the contingency measure for EONIA and €STR. He mentioned that the €STR contingency methodology is initiated if the number of banks with non-zero volume falls below 20, or 5 banks constitute 75% or more of total volume. The contingency calculation involves combining the rate and volume of the previous day to the insufficient data of the current day, taking into account also any movement in the key ECB Policy Rates.

In case €STR is published using the contingency method, EONIA will remain to be calculated as €STR + the 8.5 bps spread. In case the €STR is not published at all, the EONIA of the previous TARGET date will be re-published. In this case, the Steering Committee will be convened in special session, as in the case with EURIBOR above.

Members asked for how long the €STR contingency calculation may be used. Mr D. COWEN replied that the public information on the ECB website does not specify a number of days.

Analysis of COVID-19 impact on EURIBOR/EONIA so far

Mr D. COWEN presented EMMI's analysis on the effects of the COVID-19 situation on EMMI's benchmarks and the euro money markets as a whole. The EURIBOR rates had exhibited a downward trend in the longer tenors since mid-January until the ECB Governing Council meeting on 12 March, following the spread of the virus and with gathering expectations of a further 10 bps cut to the ECB Deposit Facility rate. Following the ECB meeting, and no change to policy rates, the longer tenors adjusted strongly upwards closer to previous levels.

The EURIBOR-OIS spread had widened in March, but mainly due to the OIS rate falling faster than the EURIBOR rate, and as such there was no strong indication of funding stress in the EURIBOR panel. The forward looking EUR FRA-OIS spread had also widened, in particular following the ECB meeting and a general disappointment at the measures taken, as well as confusion regarding the ECB's role as lender of last resort, in particularly in terms

	<p>of Italian government bond yields. The EUR FRA-OIS spread remained well below the USD spread, as the global excess demand for USD intensified with the market stress.</p> <p>Both €STR and EONIA had set in a narrow range throughout 2020 with no change due to the outbreak. There was also no evidence of a dispersion of rates in the data underpinning €STR. €STR volumes had increased, while the concentration had remained unchanged.</p> <p>Mr J-L. SCHIRMANN added that the Secretariat would continue to follow the market developments and impact on EMMI benchmarks on a daily basis, and will keep the Steering Committee informed accordingly.</p> <p>Decision and votes: n/a</p> <p>Action points :</p> <ul style="list-style-type: none"> • The members to share their alternative contact details with the Secretariat in order to be fully reachable. • The Secretariat to follow up with the members to ask for permanent primary and backup proxies. • Members to make themselves available daily at 13:00 CET in case of a need to convene the Steering Committee in special session. • The Secretariat to organise recurring bi-weekly calls of the Steering Committee to provide further updates of the situation.
<p>ITEM 5 EURIBOR ERROR REPORTS</p>	<p>Discussion Points : Due to time constraints the item was postponed to the next Steering Committee meeting.</p> <p>Decision and votes : n/a</p> <p>Action points : n/a</p>
<p>ITEM 6 EURIBOR OVERSIGHT</p>	<p>Discussion Points :</p> <p>Mr D. COWEN presented the EURIBOR Oversight report for February 2020. He reminded the members that the document is confidential and not for distribution outside the Steering Committee.</p> <p>In February 2020 EURIBOR was always published on time and according to the input data received. The pre-publication anomaly test flags indicated a slight increase in contribution rate volatility, while the operational indicators improved during the month.</p> <p>Members asked if in one of the tables of the report a percentage change indicator can be replaced by absolute change. The Secretariat agreed to implement the change in future reports.</p> <p>Decision and votes :</p>

	n/a
	Action points : n/a
ITEM 7 CHANGES TO PRE- AND POST-PUBLICATION ANOMALY TEST FLAGS	Discussion Points : Due to time constraints the item was postponed to the next Steering Committee meeting.
	Decision and votes : n/a
	Action points : n/a
ITEM 8 EONIA OVERSIGHT	Discussion Points : Mr D. COWEN presented the EONIA Oversight report for February 2020. He confirmed that in February 2020 EONIA was always published on time and according to the input data received. He also confirmed that there were no need for manual interventions, nor business continuity or disaster recovery events, during the month.
	Decision and votes : n/a
	Action points : n/a
ITEM 9 DECLARATIONS OF ADHERENCE OF PANEL BANKS	Discussion Points : Mr D. COWEN updated the members on the status of the Panel Banks' declarations of adherence to the COPB following the full implementation of the hybrid methodology. He confirmed that all but two banks had provided their declaration before the deadline of 31 st January, and that the two other banks had provided their declaration soon after. Therefore, at the time of the meeting, all banks had provided their declaration to EMMI.
	Decision and votes : n/a
	Action points : n/a
ITEM 10 INTERNAL AUDIT ON EURIBOR ADMINISTRATION	Discussion Points : Due to time constraints the item was postponed to the next Steering Committee meeting.
	Decision and votes : n/a
	Action points : n/a

<p>ITEM 11</p> <p>COMPOSITION OF THE EURIBOR PANEL</p>	<p>Discussion Points :</p> <p>Mr D. COWEN confirmed that there had been no changes to the EURIBOR panel since the last meeting of the Steering Committee.</p> <p>Ms P. DE DEYNE presented to the members EMMI’s planned outreach to extend the EURIBOR panel. She recalled the work done to ensure the continuity of EURIBOR through the reform of the methodology and strengthening of the governance. As a next step, the Secretariat will aim to strengthen the benchmark and panel by attempting to increase the number of contributors.</p> <p>As part of the exercise, the Secretariat has identified potential target banks to solicit for joining the panel. The choice of target banks is given in part to ensure the geographical diversity of the panel by focusing in significant jurisdictions that are not currently represented on the panel, as well as jurisdictions where EURIBOR is widely used. In addition banking communities that are currently relatively underrepresented, as well as ones with a large community of public sector banks would be an area of focus.</p> <p>The changing benchmark landscape in light of the implementation of the BMR, as well as the authorisation of EMMI as administrator for EURIBOR, will be highlighted to prospective banks. Another argument is to consider the cost of panel membership against the cost of needing to transition away from EURIBOR.</p> <p>In order to strengthen the outreach, the Secretariat is in contact with the respective banking associations of the target jurisdictions, as well as public authorities to keep them updated of the panel enlargement efforts. The Secretariat plans on following the schedule for the outreach in H1 2020 despite the current situation surrounding COVID-19.</p> <p>Members discussed the incentives that can be offered to prospective banks to join the panel. Some members mentioned that the current circumstances were not ideal for an outreach, as banks would have other priorities. Other members argued that the crisis situation can be used to highlight the criticality of maintaining a robust and representative EURIBOR.</p> <p>Decision and votes :</p> <p>n/a</p> <p>Action points :</p> <p>n/a</p>
<p>ITEM 12</p> <p>ANY OTHER BUSINESS</p>	<p>Discussion Points :</p> <p>The next meeting of the Steering Committee is scheduled for 23rd April 2020. The decision to hold the meeting as a physical meeting or as a conference call will be made closer to the meeting depending on the development of the COVID-19 situation.</p> <p>Decision and votes :</p> <p>n/a</p> <p>Action points :</p>

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