

**57th MEETING OF THE EURIBOR-EONIA STEERING COMMITTEE  
–Brussels, 24 January 2017, 10:00 – 16:30 CET –**

---

**Revised Minutes**

Mr. P. MERCIER thanked all participants for attending this meeting.

A list of participants is hereby attached.

**1. CONFLICTS OF INTEREST**

No conflicts of Interest were raised at the consideration of the items set at the agenda of this Steering Committee meeting.

**2. APPROVAL OF MINUTES LAST MEETING**

The minutes of the Steering Committee meetings held on 4 July, 13 September and 3 November were approved.

**3. REGULATORY AND SUPERVISORY ISSUES**

Mr G. RAVOET reported on the status of the Royal Decree on interest rates benchmarks' Administrators. EMMI has no news on the timing of its adoption and publication.

**4. RISK MONITORING**

Ms G. MARQUES presented the quarterly risk report on the evolution of the high and medium risks related to the Benchmarks Administration of Euribor and the management of the Euribor+ project.

**5. INTERNAL AUDIT REPORT ON BENCHMARKS**

As part of the annual internal audit, Ms G. MARQUES presented the results of the internal audit on the record-keeping and the submission process.

The results are positive and KPMG didn't formulate any recommendations.

## 6. CALCULATION AGENT EXTERNAL REVIEW

Ms G. MARQUES presented the results an overview of the results of the calculation agent external review performed by KPMG. The review which was divided in two work streams: overall governance/operations and information security. It highlighted exclusively low risk issues.

## 7. PANEL BANKS COMPLIANCE PROGRAM

Aiming to develop first-in-class practices as the administrator of a critical benchmark like Euribor in order to ensure an utmost quality and integrity of the Euribor benchmark, to enhance EMMI's controls and follow up in the reception of documents to be provided by panel banks as established in the Code of Conduct, and in response to queries from several panel banks on certain sections of the Euribor Code of Code of Conduct (the "COC"), EMMI has been working on a Panel Banks' Compliance program.

Mr. Q. OLBRECHTS presented a state of play and a project of compliance program for Panel Banks which should provide some guidance on EMMI's expectations toward the Panel Banks regarding the controls of compliance. The state of play was submitted for information, and the compliance program for approval.

The overall objective of the program is to provide further guidance in order to help the Panel Banks comply with all requirements in the Code.

Mr Q. OLBRECHTS highlighted the broad diversity across Panel Banks' external audit reviews and reports, on the format, timing of communication, audit norm, follow-up. Hence, such programme intends to set up a common framework for all panel banks in order to ensure a level playing field in the requirements respective to their contribution processes as determined in the COC, and allow EMMI to enhance its oversight. To this end, the Compliance program includes a non-exhaustive check-list of elements to be assessed on panel banks' external reviews.

Members of the Steering Committee debated (i) on the minimum content, format and timing, to recommend for the external audit review reports, and (ii) on the strategy of communication of the program to the Panel Banks. The format of the program itself was considered as too formal therefore Mr P. MERCIER together with several members of the committee suggested that the program itself be supplemented by a guidance note for the ease of Panel Bank understanding.

Mr. Q. OLBRECHTS and some members flagged that the program does not add constraints for the Panel Banks but, to the contrary, provides guidance and milestones about the obligations stated in the COC.

One Member suggested that in communicating the guidance note, EMMI asks the Panel Banks to invite their Internal Audit or Compliance functions to contact the Secretariat for any discussion/question on that note.

**Therefore the Steering Committee unanimously approved the Panel Banks Compliance Program, subject to (i) minor modifications discussed during the meeting (clarifications, language used), (ii) only a guidance note for compliance being sent to the Panel Banks, and (iii) such guidance note and a communication plan being prior approved by the Steering Committee through a written resolution procedure.**

## 8. EURIBOR BENCHMARK OVERSIGHT

### a) Back-Testing Highlights:

Mr D. COWEN presented the Euribor benchmark Data Integrity and Back-testing report covering the month of December 2016. He confirmed that the Euribor contribution and calculation processes were rather uneventful during both months, with some routine follow-ups required with Panel Banks in November and December to confirm individual submissions as well as to clarify methodology.

### b) Benchmark Operations Overview:

As regards the quality of the submission process, Mr D. COWEN reported that for the last quarter of 2016, there had been no incidents on the calculation and the publication of Euribor. He highlighted an increase in reported multiple contributions by a panel bank in November and December, as well as a rise in the number of static submissions from Panel Banks in Q4. A discussion followed among Members regarding the choice of methodology that Panel Banks use and the subsequent perceived degree of volatility (or lack thereof). Mr C. CUSTINNE reported on two procedural incidents that occurred in December, and detailed the relevant actions taken. None of them had any impact on the Euribor rates calculation.

### c) Underlying Market Monitoring:

The latest Money Market report for January was not discussed on the back of time constraints. Mr D. COWEN summarized that no significant developments had taken place in the underlying market since the previous report.

## 9) TRANSACTION BASED EURIBOR STATE OF PLAY

### a) Euribor + Task Force Terms of Reference – For Approval

Mr A. LOPEZ presented the Terms of Reference for the Euribor+ Task Force. This Task Force is advisory group to the Steering Committee that is expected to provide advice and guidance on methodological aspects of the transaction-based methodology for Euribor. These Terms aim at framing the work of the Euribor+ Task force, in order to protect both EMMI and the Task Force Members. The initiative was welcomed, as it will enable EMMI to engage more market experts in the further development of the Tier-2 methodology. The Steering Committee Members unanimously approved the Terms of Reference for the Euribor+ Task Force.

### b) Permanent embargo of individual contributions under the transaction-based methodology – For Approval

Ms P. DE DEYNE, explained to the Members that consideration needed to be given to whether, and when, submission data used for the calculation of the transaction-based Euribor should be made available following the publication of the Euribor rate. While the current quote-based methodology, banks' individual contributions are published on the same day as the Euribor fixing, neither IOSCO Principles for Financial Benchmarks nor the Benchmark Regulation explicitly requires administrators to publicly disclose received input data.

These data are commercially sensitive and disclosing such confidential data via their immediate and detailed publication could potentially represent a competitive disadvantage for Panel Banks (i.e. seriously jeopardize a bank's ability to raise funds in the marketplace). Furthermore, publishing panel banks' individual transactions (even if anonymized or delayed) do not provide end-users with any added value. Individual contributions can be made available to the supervisor.

For the sake of transparency, EMMI will further explore how to provide sufficient additional details or indicators on the input data and the methodology to allow stakeholders to understand how the transaction-based Euribor is derived, to assess its representativeness, its relevance to particular stakeholders, and its appropriateness as a reference for financial instruments.

The Steering Committee Members unanimously approved the proposal for the permanent embargo of individual contributions under the transaction-based methodology.

c) State of Play of the Pre-Live Verification Program

Ms P. DE DEYNE first gave an update on the Pre-Live Verification Program. She confirmed that 31 banks representing 11 different countries are participating. The projected timeline of the transaction data delivery by the participating banks has been respected. EMMI is now checking the scope of the transactions transmitted in order to avoid any under-reporting.

Next to the Non-Disclosure Agreements that EMMI has established with the participating banks, a number of internal procedures have been put in place to ensure complete confidentiality within the EMMI Secretariat when it comes to data-handling and data-analysis during the Pre-Live Verification Program.

Ms DE DEYNE also elaborated on the Data Analysis Exercise, which is the core component of the Pre-Live Verification Program. She reminded what types of analysis and studies will be carried out, regarding daily average volumes, volume concentration, frequency of zero-transmission days, inclusion of corporate trades, potential future inclusion of floating rate trades, gap-filling effects etc.

The sign-off procedure following the outcome of the Data Analysis Exercise was presented again, in terms of timing and involvement of EMMI's governing bodies and public authority. The final decision on the go-live of the Seamless Transition towards a transaction-based Euribor will be taken by the General Assembly upon recommendation of the Board of Directors in the first week of May, after earlier consultation with the competent Authority in April.

A brief overview was given on the alternative solutions that are being considered under different scenarios possible, should a Seamless Transition prove not to be feasible.

Ms A. FERNANDEZ presented the latest version of the Communications Strategy for the Euribor+ Project: this is a "live" document that will be updated with the evolution of the project when needed. In this version, a specific focus had been put on the communication plan with regards to the milestones in the Pre-Live Verification Program, the final decision for the go-live of the Seamless Transition towards the transaction based Euribor, as well as the next steps in case an alternative solution should be considered. Next to that, an end-user toolkit is being developed to ensure stakeholder understanding of the project, and inclusion of legal information is being considered. The Chairman welcomed the work done and suggested that it could be useful to explain the importance of benchmarks in the document as well. Ms FERNANDEZ confirmed that this was going to be included in an FAQ which is currently being elaborated.

## 10. LEGAL POSITION PAPER

Due to time constraints, this item was not discussed.

The Chairman proposed to have it dealt with in a follow-up conference call, set on 1 February 2017, from 16:00 till 18:00.

### **11. EONIA BENCHMARK OVERSIGHT**

Ms A. NGUYEN (ECB) presented the EONIA Contribution Process Quality Report for December 2016. In December 2016, EONIA was always published on time and according to the input received. There were two cases in which a contribution was submitted via contingency solutions.

On 7 December, there was a partial failure of the GRSS system, which prevented appropriate oversight of the submission and calculation process by ECB staff. The system was fully recovered in time for the EONIA process to be successfully completed.

### **12. EONIA REVIEW**

Due to time constraints, this item was not discussed.

The Chairman proposed to have it dealt with in a follow-up conference call, set on 1 February 2017, from 16:00 till 18:00.

### **13. COMPOSITION OF EURIBOR AND EONIA PANELS**

There have been no changes to the composition of the panels; the item was not discussed in further detail on the back of time constraints.

## **57th MEETING OF THE EURIBOR-EONIA STEERING COMMITTEE – Conference Call 1 February 2017, 16:00 – 18:00 CET –**

---

Mr. P. MERCIER thanked all participants for attending this conference call.

The purpose of this conference call was to address the outstanding Items 10 and 12 on the agenda of the meeting held on 24 January.

A list of participants is hereby attached.

### **10. LEGAL POSITION PAPER**

Ms FERNANDEZ gave an overview of the outcome of the latest Legal Working Group call held in December. Following the feedback received, EMMI will publish a position paper as EMMI's analysis of the legal implications of the Euribor reform on the basis of legal analysis from Allen & Overy Belgium. This paper is aimed at helping to increase legal certainty around certain aspects of the transition.

The Steering Committee Members were invited to share their views on the scope of the position paper focusing on the areas that may be relevant for users of the Euribor benchmark.

A discussion followed on which elements are considered to add value for the different stakeholders and could be published at this stage. In this context, Members agreed that it would be worthwhile to give some background from

a legal point of view on the proposed reforms to the Euribor benchmark and the rationale for these; background on the transition paths as detailed on the MPG Report and the rationale for following a seamless transition path whenever feasible; EMMI's efforts as an administrator in terms of stakeholder outreach and EMMI's conclusions on the proposed reforms

The Steering Committee Members also agreed with the proposed timing of the publication, i.e. by the end of February- beginning of March.

## **12. EON IA REVIEW**

Mr LOPEZ presented the envisaged stand-alone Governance Framework for EONIA. In order to make the Governance Framework more transparent, the EMMI Secretariat proposes a revised structure that comprises an (i) an overarching Governance Framework Document, (ii) a stand-alone Governance Code of Conduct, (iii) a stand-alone Code of Obligations for Panel Banks, (iv) a stand-alone Code of Obligations for the Calculation Agent and (v) a stand-alone Benchmark Determination Methodology document.

Due to time constraints, the Secretariat and the Steering Committee Members were not able to fully discuss the topic. Therefore, the Members were invited to submit their written comments or remarks to the documents, if any, by Friday, February 3, 2017.

On the basis of these comments, and depending on their nature, the Secretariat will consider how to address them and/or whether a follow-up on the phone is needed. In the absence of comments by Friday 3 COB, the EMMI Secretariat will understand the Steering Committee approves the Framework for recommendation to the Board of Directors.

## **13. AOB**

The Chairman further advised that going forward the minutes of Steering Committee meetings and conference calls should mention "the SteerCo unanimously agreed/approved" when there is a decision taken, unless there had been a call for a vote.

## **57th MEETING OF THE EURIBOR-EONIA STEERING COMMITTEE – Written Procedure –**

## **12. EONIA REVIEW**

The Steering Committee Members approved the proposed stand-alone Governance Framework for EONIA by Written Procedure on February 3.

Within the Eonia Governance Framework, a revision of the Conflicts of Interest Policy and Procedure is also necessary in order to extend the scope of such policy to the Eonia benchmark. (The Conflict of Interest Oversight Committee (CIOC) approved this revision during its meeting of 2 February 2017.)

The Steering Committee's was therefore invited to review and approve the revised Policy by 14 February, for recommendation to the Board of Directors. The Steering Committee unanimously approved.



Within the Eonia Governance Framework, a revision of the Conflicts of Interest Policy and Procedure is also necessary in order to extend the scope of such policy to the Eonia benchmark. (The Conflict of Interest Oversight Committee (CIOC) approved this revision during its meeting of 2 February 2017.)

The Steering Committee's was therefore invited to review and approve the revised Policy by 14 February, for recommendation to the Board of Directors. The Steering Committee unanimously approved.

**57<sup>th</sup> MEETING OF THE EURIBOR-EONIA STEERING COMMITTEE**  
**Brussels, 24 January 2017, 10:00 – 16:30 CET**

---

**LIST OF PARTICIPANTS**

**Chairman**

Mr Paul MERCIER

**Members**

Mr Andreas BIEWALD

Mr Jac BESUIJEN

Mr Olivier BRISSAUD

Mr Alberto COVIN

Ms Catherine FARRER (observer)

Mr Franck HEBEISEN

Mr Karel LANNOO

Mr Cyril MERKEL

Mr Tomasz MIRONCZUK

Mr Vincent VAN DESSEL

Mr José María VERDUGO

**EMMI**

Ms Petra DE DEYNE

Ms Andrea FERNANDEZ CARNICERO

Mr Corentin CUSTINNE

Mr David COWEN

Mr Alberto LOPEZ MARTIN





**EMMI**

Ms Petra DE DEYNE

Ms Andrea FERNANDEZ CARNICERO

Mr Corentin CUSTINNE

Mr David COWEN

Mr Alberto LOPEZ MARTIN

Mr Guido RAVOET

**Excused**

Mr Jac BESUIJEN

Mr Alberto COVIN

Mr Karel LANNOO

Mr Vincent VAN DESSEL