

## Minutes - 79th Steering Committee Meeting

<b>Meeting Title</b>		79 <sup>th</sup> Steering Committee Meeting
<b>Date and Time</b>		10 <sup>th</sup> September 2020
<b>Location</b>		Conference call
<b>Attendees</b>		
<b>Voting Members</b>	A. COVIN (Chair); M. BRIZEE; Z. CHATZIMPEI; D. LE MASSON; T. MILLION; T. MIRONCZUK; M. VERHEIJEN L. VLAMINCK;	
<b>Non-voting members</b>	J-L. SCHIRMANN (EMMI Secretary General, ex-officio member);	
<b>Observers</b>	L. KOVACS (EMMI Board of Directors; observer)	
<b>Excused</b>	J.C. CUEVAS;	
<b>Secretariat</b>	C. BERGAMASCHI; J.CSÖRGEI; A. DE LISIO; J. FELDKAMP; A. GUZZARDI	
<b>Quorum</b>	8 out of 9 voting members	

Agenda Item	
<b>WELCOME</b>	<p>The Chair Mr A. COVIN welcomed the Members to the meeting and thanked them for making themselves available for the meeting, which was again exceptionally held by conference call due to the COVID-19 situation.</p> <p>The Chair also welcomed Mr L. KOVACS, Member of EMMI's Board of Directors as observer for this meeting.</p>
<b>ITEM 1 CONFLICTS OF INTEREST</b>	<p><b>Discussion Points :</b></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>
<b>ITEM 2 MINUTES OF THE PREVIOUS MEETING</b>	<p><b>Discussion Points :</b></p> <p>The Members reviewed the minutes of the previous meeting of the Steering Committee that took place on the 11<sup>th</sup> of June 2020. Two amendments to the minutes were discussed and agreed.</p> <p><b>Decision and votes :</b></p> <p>The minutes of the previous meeting were approved unanimously.</p>

	<p><b>Action Points :</b></p> <p>To amend the minutes with the changes discussed and to publish the minutes on the EMMI website.</p>
<p><b>ITEM 3</b> <b>INTRODUCTION OF NEW MEMBERS</b></p>	<p><b>Discussion Points :</b></p> <p>The Chair welcomed Mr M. BRIZEE as new member of the Steering Committee. He briefly presented himself and he highlighted his working experiences related to money markets and benchmarks.</p>
	<p><b>Decision and votes :</b></p> <p>n/a</p>
	<p><b>Action Points :</b></p> <p>n/a</p>
<p><b>ITEM 4</b> <b>REGULATORY AND SUPERVISORY ISSUES</b></p>	<p><b>Discussion Points :</b></p> <p>Ms A. DE LISIO provided the Members with an update on the latest regulatory and supervisory topics. She informed about the latest meetings held by EMMI with the competent authorities and the EU authorities. She highlighted the following recent regulatory publications:</p> <ul style="list-style-type: none"> <li>• ESMA Draft Guidelines on Outsourcing to Cloud Service Providers (CSPs) published in June 2020</li> <li>• UK Government announcement on UK BMR amendments published in June 2020</li> <li>• FSB statement on the impact of COVID-19 on global benchmark reform published in July 2020</li> <li>• FSB and Basel Committee supervisory recommendations for benchmark transition published in July 2020</li> <li>• European Commission proposal to amend the EU BMR published in July 2020</li> <li>• ECB public consultation on the publication of compounded €STR rates published in July 2020</li> </ul> <p>She pointed out the main points of discussion of the Euro RFR Working Group Meeting which took place on the 2<sup>nd</sup> of July. She also briefly gave an overview on the latest international publications published by non-EU authorities and international stakeholders.</p>
	<p><b>Decision and votes:</b></p> <p>n/a</p>
	<p><b>Action Points :</b></p> <p>To keep informing the Steering Committee on updates related to the BMR review.</p>
<p><b>ITEM 5</b></p>	<p><b>Discussion Points :</b></p>

<p><b>BREXIT AND THE REPORTING OF TRANSACTIONS FOR EURIBOR</b></p>	<p>Following previous discussions and decisions of the Steering Committee regarding the impact of Brexit on the reporting scope for EURIBOR, Mr J. FELDKAMP informed Members about the outcome of the Panel Bank Survey on UK transactions. He summarised the results gathered by the four questions asked to panel banks.</p> <p>Members should take into account the following three options to address the potential impact:</p> <ol style="list-style-type: none"> <li>1. Leave the EURIBOR definition and interpretation unchanged, exclude the affected transactions;</li> <li>2. Change the EURIBOR definition to include the UK explicitly;</li> <li>3. Leave the EURIBOR definition unchanged and allow UK-booked transactions as part of “related market data” in Level 3.</li> </ol> <p>Mr J.CSÖRGEI gave an estimation on the potential impact of excluding UK transactions to EURIBOR tenors over the different tenors. A visualisation showed that longer tenors were less impacted than the shorter ones.</p> <p>Members agreed that panel banks need guidance and clarification with regards to the UK-booked transactions.</p> <p>Members discussed the results of the survey and elaborated pros and cons of each option presented. Members, unanimously, have a preference on option 3. In case option 3 was chosen, EURIBOR methodology would not need to be changed. It was noted by Members that it would be difficult to know in advance from Panel Banks how many transactions would move from Level 1 to Level 3, however EMMI could monitor this movement.</p> <p><b>Decision and votes:</b></p> <p>Members suggest, in light of current money market environment and conditions, that Panel Banks consider UK based funding transactions among the eligible parameters in their Level 3 contribution procedures.</p> <p><b>Action Points:</b></p> <p>n/a</p>
<p><b>ITEM 6 EURIBOR OVERSIGHT</b></p>	<p><b>Discussion Points :</b></p> <p>Mr J.CSÖRGEI presented the EURIBOR Oversight report for August 2020.</p> <p>In August 2020, EURIBOR was always published on time and according to the input data received. The number of both Absolute and Relative Movement flags continued to decrease. The number of Spike Test flags continued to decrease back to pre-COVID 19</p>

	<p>levels amid a flattening of the EURIBOR curve, while the number of Inverted Yield Curve flags increased due to the current unusual money market conditions.</p> <p>Mr J.CSÖRGEI further noted that the number of flags per bank increased from the previous month due to the large number of Static Contributions, which were induced by a flat EURIBOR rate in most of the tenors amid very calm trading days in August. However, there were no consistent issues with any Panel Bank in the last month.</p> <p><b>Decision and votes:</b> n/a</p> <p><b>Action Points:</b> n/a</p>
<p><b>ITEM 7</b> <b>EONIA OVERSIGHT</b></p>	<p><b>Discussion Points:</b></p> <p>Mr J.CSÖRGEI presented the EONIA Oversight report for August 2020.</p> <p>In August 2020, EONIA was always published on time and according to the received input data. Mr J.CSÖRGEI noted that there has not been incidents to report on EONIA in the last month.</p> <p><b>Decision and votes:</b> n/a</p> <p><b>Action Points :</b> n/a</p>
<p><b>ITEM 8</b> <b>COVID-19 UPDATES</b></p>	<p><b>Discussion Points :</b></p> <p>Ms C. BERGAMASCHI gave an overview on the COVID-19 situation handled by EMMI, the Calculation Agent (GRSS) and Panel Banks. There were no issues on activities due to working remotely from March to September 2020.</p> <p>Coming to the office for EMMI staff is still voluntary and homeworking remains recommended and applicable for most of the working time. The majority of the EMMI staff is working in the office at least one day per week since summer 2020.</p> <p>For Panel Banks, it seemed that the situation had improved since March 2020 and that staff in most of the banks were coming back to work in the office. For risk mitigation and for ensuring the continuation of the EURIBOR contribution, some Panel Banks had guaranteed that for all the period of the coronavirus crisis a part of the team responsible for EURIBOR would be able to work in the office.</p> <p><b>Decision and votes :</b> n/a</p> <p><b>Action Points :</b></p>

	n/a
<b>ITEM 9</b> <b>PANEL BANK CONTACT GROUP</b>	<b>Discussion Points :</b> <p>C. BERGAMASCHI informed Members about the launch of a dedicated Contact Group for Panel Banks. The Panel Bank Contact Group will be a forum for interaction between EMMI and Panel Banks and its aim is to facilitate and to streamline the communication and exchange. In their role as contributors to EURIBOR, Panel Banks would be able to raise issues of their interest, for example topics related to the changes in the contribution infrastructure or reviews of the methodology. Membership in the group is restricted to Panel Banks contributing to EURIBOR. The contact group will meet at least once every three months.</p> <p>Members welcomed EMMI's initiative to set up a Panel Bank Contact Group.</p>
	<b>Decision and votes :</b> <p>n/a</p>
	<b>Action Points :</b> <p>The terms of reference of the Panel Bank Contact Group will be submitted for approval to the EMMI Board of Directors.</p>
<b>ITEM 10</b> <b>PROCEDURE OF PANEL BANK FOLLOW-UP</b>	<b>Discussion Points :</b> <p>Mr J. FELDKAMP informed Members about a new procedure to follow-up with Panel Banks more regularly. In addition to the reports EMMI committed to so far, EMMI will perform additional monthly analysis on contributions' patterns and will monitor and follow-up with Panel Banks on a continuous basis.</p>
	<b>Decision and votes :</b> <p>n/a</p>
	<b>Action Points :</b> <p>n/a</p>
<b>ITEM 11</b> <b>REVIEW OF THE EURIBOR METHODOLOGY</b>	<b>Discussion Points :</b> <p>Mr J.CSÖRGEI presented the timeline for the annual review of the hybrid methodology of EURIBOR. EMMI is already collecting supplementary data from Panel Banks and an analysis of these data will be completed by the end of October 2020. In the next Steering Committee, EMMI staff will present and describe potential changes in the methodology and Members will decide whether these changes will be implemented and whether a consultation is needed (i.e. in case of material changes). If the changes are implemented, we can expect to see the implementation of them in EBASS/Panel Banks side between April and September 2021.</p> <p>Mr J.CSÖRGEI further noted that EMMI would consider to extend the review cycle to allow for enough data to accumulate once changes to the methodology were</p>

	<p>implemented. Mr J.FELDKAMP added that such analysis would still be conducted within a year of implementation of potential changes to the EURIBOR methodology.</p> <p>One Member asked what EMMI was targeting with this review and what would be the main challenges. Mr J-L. SCHIRMANN replied that EMMI would analyse data comprehensively and would assess whether the existing methodology was still appropriate. EMMI would at this point not expect significant or radical changes in the review at this stage, as the implementation of the methodology had only started one year ago.</p> <p><b>Decision and votes :</b> n/a</p> <p><b>Action Points :</b> In the next Steering Committee meeting which will take place on the 25<sup>th</sup> of November, EMMI staff will present and describe potential changes in the methodology and Members will decide whether these changes will be implemented and whether a consultation is needed (i.e. in case of material changes).</p>
<p><b>ITEM 12</b> <b>COMPOSITION OF THE EURIBOR PANEL</b></p>	<p><b>Discussion Points :</b> It was confirmed that there had not been any changes to the composition of the EURIBOR panel since the last meeting of the Steering Committee.</p> <p><b>Decision and votes :</b> n/a</p> <p><b>Action Points :</b> n/a</p>
<p><b>ITEM 13</b> <b>ANY OTHER BUSINESS</b></p>	<p><b>Discussion Points :</b> n/a</p> <p><b>Decision and votes :</b> n/a</p> <p><b>Action Points :</b> n/a</p>