



2nd EFTERM Oversight Committee Meeting minutes

Meeting minutes

Meeting title	2 nd EFTERM Oversight Committee Meeting
Date and time	17 th of January 2023, 10.00 – 16.00
Location	Physical meeting at EMMI premises in Brussels

Attendees	<p>Members:</p> <p>A. COVIN</p> <p>T. MIRONCZUK</p> <p>P. SIMEON</p> <p>J-L. SCHIRMANN (EMMI CEO)</p> <p>The European Money Markets Institute:</p> <p>C. CUSTINNE; J. FELDKAMP; F. NUNZIANTE CESARO</p> <p>Observer:</p> <p>A. HILL (IBA)</p>
Excused	/
Quorum	3 voting members

Agenda items

Conflict of Interest	<p>Discussion points:</p> <p>A. COVIN informed everyone that Members of the Oversight 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 themselves from relevant decision making in the event a conflict of interest situation might arise.</p> <p>The members had no conflict of interests to declare</p>
Item 1 Introductory Presentation	<p>Discussion points:</p> <p>Introductory presentation by C. CUSTINNE</p> <p>C. CUSTINNE gave an overview of the EFTERM benchmark governance, methodology, stakeholders, and operations to the Members.</p> <p>A. COVIN asked to clarify the criteria for “significant” benchmark. T. MIRONCZUK asked to clarify “interest rate benchmark” – a discussion followed about the difference between the different benchmark types (non-significant, significant, interest rate).</p>

	<p>A. HILL and T. MIRONCZUK asked why EMMI considers that there is no element of discretion in the EFTERM methodology. J-L. SCHIRMANN clarified that an element of discretion could occur whenever a decision is not rule-based. The establishment of rules and parameters may be discretionary, but once established (e.g. in the BDM), there is no exercise of discretion in the day-to-day benchmark determination.</p>
<p>Item 2 Minutes of the previous meeting</p>	<p>Discussion points:</p> <p>Approved</p> <p>Decision and votes:</p> <p>Unanimously</p>
<p>Item 3 EFTERM Benchmark Statement</p>	<p>Discussion points:</p> <p>C. CUSTINNE presented the Benchmark Statement.</p>
<p>Item 4 Overview of the Benchmark Determination Methodology for EFTERM</p>	<p>Discussion points</p> <p>C. CUSTINNE presented the Levels 1 and 2 of the waterfall methodology.</p> <p>A. HILL presented the Level 3 of the methodology and a discussion around methodology and differences between Level 3 and Level 2 took place. In particular, J. FELDKAMP highlighted the time-of-day difference between the Futures settlement prices (end of previous day) and OIS quotes (same day in the morning).</p>
<p>Item 5 Calculation Agent Role</p>	<p>Discussion points:</p> <p>A HILL and C. CUSTINNE presented the role of IBA as the EFTERM Calculation Agent and the operational interaction with EMMI.</p> <p>A. COVIN acknowledged that while the calculation of the benchmark is externalized to IBA, EMMI is able to fully replicate the benchmark on the basis of the input data. He asked EMMI to consider full recalculations of the benchmark on a regular basis.</p> <p>Actions:</p> <p>EMMI to consider establishing a regular process for recalculating the benchmark</p>
<p>Item 6 EFTERM Controls & Reporting Framework</p>	<p>Discussion points:</p> <p>C. CUSTINNE presented the controls and metrics in place for EFTERM covering all aspects of the benchmark production process from input data collection to post-publication checks.</p> <p>A. COVIN asked about the EFTERM standard deviation and whether such metrics are higher than the EURIBOR one.</p> <p>J. FELDKAMP suggested to provide a more easily readable table containing metrics on EFTERM input data and on operational efficiency.</p> <p>F. NUNZIANTE CESARO suggested the content of the upcoming EFTERM Oversight Report explaining a selection of depth and liquidity indicators.</p>

	EMMI will make a more concrete proposal of metrics to be reported to the OC, including at first a wider set of metrics which can be reduced later.
Item 7 Organization of External Audit	C. CUSTINNE presented the auditing requirements applicable to EFTERM under EU BMR. A brief discussion followed regarding the possibility to align the audit cycle with that of the EURIBOR benchmark, in consultation with EMMI Compliance, ESMA, and the external auditors.
Item 8 Any Other Business	Discussion points: EMMI to send a proposal with the dates of the next meetings for 2023.