

## Meeting Minutes

Meeting Information	
<b>Meeting Title</b>	74 <sup>th</sup> Steering Committee Meeting
<b>Date and Time</b>	14 <sup>th</sup> November 2019
<b>Location</b>	EMMI premises, Brussels
Attendees	
<b>Voting Members</b>	A. COVIN (Chair); J. BESUIJEN; A. BIEWALD; F. HEBEISEN; D. LE MASSON; C. MERKEL; T. MILLION; T. MIRONCZUK; V.VAN DESSEL; J.M. VERDUGO (by proxy); L. VLAMINCK;
<b>Non-voting members</b>	J-L. SCHIRMANN (EMMI Secretary General, ex-officio member);
<b>Observers</b>	J-F. PONS (EMMI Board of Directors; observer)
<b>Excused</b>	J.C. CUEVAS;
<b>Secretariat</b>	D. COWEN; D. IORIO A. LÓPEZ; A. LUSKIN; G. MARQUES; C. WESTSTEIJN
<b>Quorum</b>	11 out of 12 voting members

Agenda Item	
<b>WELCOME</b>	<p>The Chair Mr A. COVIN welcomed the members to the meeting. The Chair also welcomed Mr J-F. PONS, the Chair of EMMI's Board of Directors, as observer for this meeting. Mr J-F. PONS thanked Mr A. COVIN for the welcome and thanked the Steering Committee for its role in ensuring the successful reforms of both EURIBOR and EONIA.</p> <p>Mr A. COVIN thanked Mr J-F. PONS for his kind words and confirmed the commitment of the Steering Committee going forward.</p> <p>Mr A. COVIN mentioned that Mr J-M. VERDUGO had provided his vote to the Chair by proxy, given that he could not attend the meeting in person or via call.</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 12<sup>th</sup> September 2019.</p>

	<p><b>Decision and votes :</b> The minutes of the previous meeting were approved unanimously.</p> <p><b>Action points :</b> To publish the approved minutes on the EMMI website.</p>
<p><b>ITEM 3</b> <b>REGULATORY AND SUPERVISORY ISSUES</b></p>	<p><b>Discussion Points :</b></p> <p>Ms G. MARQUES provided the members with the usual update on regulatory and supervisory issues, focusing on the key aspects for EMMI.</p> <p>She provided an overview of recent publications, regarding the extension of the transitional provisions of the BMR, the first €STR publication, two speeches given by ESMA Chair Steven Maijoor, as well as the recent work of the euro RFR working group. Regarding the last item, she confirmed that EMMI had made a presentation to the working group on a forward-looking fall-back methodology for EURIBOR during a session for potential administrators of such fall-backs. Mr J-L. SCHIRMANN had also given a presentation and participated in a panel at the second roundtable on euro risk-free rates hosted at the ECB.</p> <p>Mr A. COVIN enquired if there had been any specific questions on EURIBOR at the roundtable from the benchmark users or general public. Mr J-L. SCHIRMANN replied that the only question had been on educational material that could be distributed to clients, to which the response had been that such material exists and that the purpose of the roundtable itself is to provide information and transparency to users.</p> <p>Members also asked about the European Commission’s ongoing consultation on the review of the BMR. Ms G. MARQUES said that the review concerns only certain parts of the BMR. She confirmed that EMMI is working on a response to the key aspects of the consultation.</p> <p><b>Decision and votes:</b> n/a</p> <p><b>Action points :</b> n/a</p>
<p><b>ITEM 4</b> <b>HYBRID EURIBOR UPDATE</b></p>	<p><b>Discussion Points :</b></p> <p>Mr A. LÓPEZ updated the members on the status of the implementation of the hybrid methodology. He reminded the members that the phase-in period had started in April 2019 and would conclude before the end of the year. The phase-in period was used to smooth the implementation of the new methodology, as well as minimise operational risks for the Panel Banks, Calculation Agent and EMMI.</p> <p>Mr A. LÓPEZ also provided an update on the Panel Banks’ declarations of adherence to the COPB. He mentioned that even though the COPB would only be fully implemented at the time that all banks have phased in, each bank was asked to provide a declaration of adherence to the COPB for the phase in, one week prior to the date it transitioned to the</p>

	<p>new methodology. Some of the cases of non-compliance to the COPB during the phase-in were related to setting up automated processes, waiting for a solution from a third party provider and internal organisational arrangements.</p> <p>One member asked if EMMI had been contacted by market participants regarding the changing characteristics of the benchmark, such as increased daily volatility. Mr J-L SCHIRMANN replied that there had been no such contacts, and that given the market developments it was impossible to disentangle the effects of the phase-in from the market movements.</p> <p><b>Decision and votes :</b> n/a</p> <p><b>Action points :</b> n/a</p>
<p><b>ITEM 5</b> <b>EURIBOR</b> <b>OVERSIGHT</b></p>	<p><b>Discussion Points :</b> <b>EURIBOR OVERSIGHT REPORT</b></p> <p>Mr D. COWEN presented the EURIBOR Oversight report for October 2019. He reminded the members that the document is confidential and not for distribution outside the Steering Committee.</p> <p>In October 2019 EURIBOR was always published on time and according to the input data received. The overall volatility of contributions had decreased somewhat compared with the previous month of September, where volatility was elevated due shifts in monetary policy expectations. Operational indicators had remained positive, in line with previous months. The monthly average EURIBOR curve had steepened sharply following the 12 September ECB Governing Council meeting.</p> <p><b>EURO MONEY MARKET REPORT</b></p> <p>Ms A. LUSKIN presented the Euro Money Market Report for Q3-Q4. She highlighted the key events in this period with respect to developments in euro money markets, including the 12 September ECB Governing Council meeting, and the launch of €STR together with the recalibration of the EONIA methodology.</p> <p>The 1-week EURIBOR rate had decreased during the period, reflecting the 10 bps rate cut to the ECB's Deposit Facility, while the rates of longer-dated tenors had increased in line with a re-adjustment of monetary policy expectations. The main volatility in the EURIBOR rates over the period appeared to have been driven mainly by these changing expectations, rather than as a consequence of the phase-in to the hybrid methodology. She highlighted that similar trends were also observed in euro OIS and euro LIBOR rates.</p> <p>She concluded with a comparison of EONIA under the legacy and recalibrated methodology and pre-€STR and €STR, highlighting that the transition to the new methodology had been smooth.</p>

	<p>One member asked whether there had been changes in the spread between EURIBOR and euro LIBOR following the phase-in. The Secretariat replied that the spread had narrowed somewhat during the phase-in.</p> <p>Mr J-L. SCHIRMANN asked the members whether they had seen a take-up of €STR so far in derivatives products. The members responded that based on anecdotal evidence there had been very little such activity. Volumes could be expected to grow once clearing of €STR products has been fully established and once money market funds shift their benchmark from EONIA to €STR.</p> <p><b>Decision and votes :</b> n/a</p> <p><b>Action points :</b> n/a</p>
<p><b>ITEM 6</b> <b>EONIA</b> <b>RECALIBRATION</b></p>	<p><b>Discussion Points :</b></p> <p>Mr D. COWEN updated the members on the EONIA recalibration which was implemented in practice on the 1-2 October 2019. He reminded the members that on 1<sup>st</sup> October 2019 EONIA was not published in order to shift to a T+1 publication time. The Secretariat had prepared for a larger than usual volume of external queries regarding the non-publication, but this did not materialise, apart from a few questions on following days.</p> <p>On 2<sup>nd</sup> October, EMMI took over the daily operations of EONIA from the ECB. The Secretariat had prepared the necessary internal operational procedures and processes in anticipation of the shift.</p> <p>Mr D. COWEN concluded that there had been no operational issues in the production of the EONIA benchmark since 2<sup>nd</sup> October.</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 D.COWEN presented the EONIA process quality reports for August and September 2019, which were still prepared by the ECB in its role as calculation agent for EONIA during those months. He relayed the message provided to the Secretariat from the ECB team in charge of EONIA operations that EONIA was always calculated on time and according to the input data received, and that there were no incidents during the two months.</p> <p>Mr D.COWEN also presented the Secretariat’s proposal for EONIA Oversight reports under the recalibrated EONIA methodology, and shared the report for October 2019. He mentioned that the content of the report was largely aligned with the reports produced</p>

	<p>by the ECB, except for all Panel Bank related indicators that were no longer applicable. He also reconfirmed that EONIA had been published on time and according to the input data received during October 2019.</p> <p><b>Decision and votes :</b> The members unanimously approved the format of the EONIA Oversight reports.</p> <p><b>Action points :</b> n/a</p>
<p><b>ITEM 8 STATUTORY AUDITORS REPORT ON BMR</b></p>	<p><b>Discussion Points :</b> Mr C. WESTSTEIJN presented the statutory auditor’s installation audit report on EMMI’s compliance with the Benchmarks Regulation (EU) 2016/1011 (BMR). He concluded that the findings of the audit were positive and that the conclusion of the auditor’s was that EMMI had in place all necessary policies and procedures, and appropriate governance to optimise compliance with the tested articles.</p> <p><b>Decision and votes :</b> n/a</p> <p><b>Action points :</b> n/a</p>
<p><b>ITEM 9 INTERNAL AUDITORS REPORT ON BMR</b></p>	<p><b>Discussion Points :</b> Mr C. WESTSTEIJN presented EMMI’s internal auditor’s report on EMMI’s compliance with the Benchmarks Regulation (EU) 2016/1011 (BMR). He mentioned that the internal auditor’s report had been coordinated with the statutory audit so as not to have an overlap in the scope of the audits. He concluded that the audit had not uncovered any risks of EMMI being non-compliant with the BMR that were not under control.</p> <p><b>Decision and votes :</b> n/a</p> <p><b>Action points :</b> n/a</p>
<p><b>ITEM 10 CONFLICTS OF INTEREST TRAINING</b></p>	<p><b>Discussion Points :</b> Ms D. IORIO gave the members the annual training on conflict of interest topics, which is a regulatory requirement as part of robust governance on conflict of interests. She provided the definitions of what constitutes an actual and perceived conflict of interest and measures in place at EMMI to disclose and mitigate any conflicts. She explained the roles of the Steering Committee, EMMI staff, and the Conflicts of Interest Oversight Committee (CIOC) with regard to conflicts, as well as how to report any conflict of interest and what the subsequent escalation procedure is. Finally, she presented two case studies to highlight potential conflict of interest situations. She concluded by reminding the</p>

	<p>members that the annual declarations of interests would be collected at the time of the first meeting of the Steering Committee next year.</p> <p>One member enquired about the definition of an indirect affiliation to a Panel Bank. Ms D. IORIO explained that this situation may arise when a member is not directly employed by a Panel Bank, but has some connection to a Panel Bank through their own employer or else they have a close family member working at a Panel Bank.</p> <p><b>Decision and votes :</b> n/a</p> <p><b>Action points :</b> n/a</p>
<p><b>ITEM 11</b></p> <p><b>COMPOSITION OF EURIBOR AND EONIA PANELS</b></p>	<p><b>Discussion Points :</b></p> <p>Mr D. COWEN updated the members on the status regarding the compositions of the EURIBOR and EONIA panels. He mentioned that there had been no changes to the EURIBOR panel since the last meeting of the Steering Committee. He re-confirmed that the entire EONIA panel had been disbanded following the recalibration of the EONIA methodology on 1<sup>st</sup> October.</p> <p><b>Decision and votes :</b> n/a</p> <p><b>Action points :</b> n/a</p>
<p><b>ITEM 12</b></p> <p><b>ANY OTHER BUSINESS</b></p>	<p><b>Discussion Points :</b></p> <p>The next meeting of the Steering Committee is scheduled for 21<sup>st</sup> January 2020.</p> <p><b>Decision and votes :</b> n/a</p> <p><b>Action points :</b> n/a</p>