

EMMI PUBLISHES STAKEHOLDER CONSULTATION FEEDBACK SUMMARY ON RECOMMENDATIONS FOR EONIA BY THE EURO RISK-FREE RATES WORKING GROUP

Brussels, 31 May 2019 – Today, the European Money Markets Institute (EMMI) published [the summary](#) of the stakeholder consultation feedback on the recommendations for EONIA by the Working Group on euro risk-free rates. In view of the feedback received, EMMI adopts the new methodology recommended by the Working Group, which will take effect on 2 October 2019.

On 14 March 2019, the Working Group on euro risk-free rates [recommended market participants to gradually replace EONIA with the ECB's €STR for all products and contracts](#), making the €STR their standard reference rate. In addition, the Working Group recommended EMMI to modify the current EONIA methodology in order to guarantee the continuous publication of EONIA during the interim until market participants have made arrangements to smoothly transition to the new €STR rate.

As a result, EMMI launched a consultation which received 58 responses from a broad range of institutions, including banks, trade associations, infrastructure providers, consultancy firms and other respondents. EMMI has analysed the responses and determined the following way forward for the transition from EONIA to €STR:

- **Methodological change:**
 - On 2 October 2019 the change in EONIA's methodology will take effect. From this date onwards, EONIA will be calculated as the €STR plus a spread.¹

¹ On 31 May 2019, the ECB is providing the market with a one-off calculation of the spread between the €STR and EONIA that will be used as of for the calculation of EONIA. This spread will remain fixed at the level computed and published by the ECB until the final discontinuation of EONIA.



- EONIA will be calculated on every TARGET day in which the €STR is published.
- **Implementation plans:**
 - The reliance on the €STR for EONIA’s determination makes it necessary for EONIA to be calculated and published after the €STR publication, which the ECB will do no later than 9:00 a.m. To this end, from 2 October 2019 onwards, EONIA will be published at or shortly after 9:15 a.m. CET on the TARGET day following the TARGET day whose market it intends to represent.
 - In order to avoid the publication of two indices representing the same TARGET day, there will be no EONIA published on 1 October 2019 (see table below).

Monday 30 September 2019	Tuesday 1 October 2019	Wednesday 2 October 2019
Day before move	Day of move	Day after move
T_{M-1}	T_M	T_{M+1}
EONIA is calculated under the current methodology.	No EONIA rate is published	EONIA is calculated under the recalibrated methodology.
Published at or shortly after 7:00 p.m. CET		Published at or shortly after 9:15 a.m. CET
EONIA published on day T_{M-1} reflects the market on day T_{M-1} .		EONIA published on day T_{M+1} reflects the market on day T_M .

- **Discontinuation plans:**
 - EMMI will provide EONIA under the recalibrated methodology up until 3 January 2022, the date on which EONIA would be discontinued.
 - This date should act as an incentive for the market to fully adopt the €STR as EONIA’s replacement.

EMMI will implement these changes with the purpose of facilitating a smooth and orderly transition from EONIA to the €STR. In addition, EMMI is



currently working toward the goal of obtaining an authorisation for EONIA under the EU BMR, with the ultimate objective of easing the market's adoption of the new methodology.

Note for the editor:

The European Money Markets Institute – EMMI is an international non-profit making association based in Brussels (56, Ave des Arts, 1000 Brussels). It manages European financial benchmarks such as EURIBOR®/EONIA® along with the Short Term European Paper (STEP) transparency initiative.