

Meeting Minutes

Meeting Title	77 th Steering Committee Meeting
Date and Time	23 rd April 2020
Location	Conference call
Attendees	
Voting Members	A. COVIN (Chair); J. BESUIJEN A. BIEWALD; J.C. CUEVAS; V.VAN DESSEL; F. HEBEISEN; D. LE MASSON; C. MERKEL; T. MILLION; T. MIRONCZUK; J.M. VERDUGO;
Non-voting members	J-L. SCHIRMANN (EMMI Secretary General, ex-officio member);
Observers	M. MARQUES (EMMI Board of Directors; observer)
Excused	L. VLAMINCK;
Secretariat	D. COWEN; P. DE DEYNE ; A. DE LISIO; T. DUFRESNE; J. FELDKAMP; A. LÓPEZ ;
Quorum	11 out of 12 voting members

Agenda Item	
WELCOME	<p>The Chair Mr A. COVIN welcomed the members to the meeting and thanked them for making themselves available for the meeting, which was exceptionally held by conference call due to the COVID-19 situation.</p> <p>The Chair also welcomed Ms M. MARQUES, member of EMMI's Board of Directors as observer for this meeting.</p>
ITEM 1 CONFLICTS OF INTEREST	<p>Discussion Points :</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>
ITEM 2 MINUTES OF THE PREVIOUS MEETING	<p>Discussion Points :</p> <p>The members reviewed the minutes of the previous meeting of the Steering Committee that took place on 18th March 2020.</p> <p>Decision and votes :</p> <p>The minutes of the previous meeting were approved unanimously.</p>

	<p>Action points :</p> <p>To publish the approved minutes on the EMMI website.</p>
<p>ITEM 3 REGULATORY AND SUPERVISORY ISSUES</p>	<p>Discussion Points :</p> <p>Ms A. DE LISIO provided the members with an update on the latest regulatory and supervisory topics. She mentioned the Secretariat has kept the FSMA updated on the contingency measures adopted due to the COVID-19 situation, as well as providing them with a daily monitoring report on developments regarding EURIBOR.</p> <p>She noted that ESMA had launched a consultation on draft Regulatory Technical Standards (RTS) under the Benchmarks Regulation (BMR) covering governance, methodology, infringements reporting, and critical benchmarks. The response time to the consultation had been extended due to COVID-19. ESMA had also provided actions to mitigate the impact on administrators and contributors under BMR, in particular regarding the timing of external audit requirements. The European Commission (EC) had also published a roadmap for the review of the BMR with the aim of adopting a legislative proposal in the third quarter of 2020. Finally, she mentioned that the Euro RFR Working Group had updated its communications toolkit, and that ISDA had commented on the EC Inception Impact Assessment on the review of EU BMR.</p> <p>Decision and votes:</p> <p>n/a</p> <p>Action points :</p> <p>n/a</p>
<p>ITEM 4 EURIBOR ERROR REPORTS</p>	<p>Discussion Points :</p> <p>Mr D. COWEN presented the Secretariat’s proposal for the final format of the EURIBOR Error reports. He reminded the members that the Steering Committee had previously approved an amendment to the re-fixing policy to only report errors that had an impact of 0.1 bps or more on the published fixing, as well as the publication time of the reports to be one month and 10 business days after the end of the quarter that the report covers. The Secretariat had also presented its proposed methodology to assess the impact of errors.</p> <p>He mentioned that the Secretariat had performed the error impact analysis for Q1 2020 using the proposed methodology. Based on the assessment, the Secretariat presented its proposal for the final format of the reports. The Secretariat also proposed to change the naming of the reports from “Error” to “Revision”, reflecting the fact that not all changes in input data can be considered strictly as errors.</p> <p>Members discussed if it would be worth adding an indicator that showed the number of large impacts. It was concluded that the existing indicators on the average and median impacts provide sufficient information on the distribution of the impacts.</p> <p>Decision and votes:</p>

	<p>The final format of the reports were approved unanimously.</p> <p>Action points :</p> <p>To finalise the first EURIBOR Revision report after the end of April for Q1 2020 and publish it on the EMMI website mid-May 2020.</p>
<p>ITEM 5</p> <p>EURIBOR OVERSIGHT</p>	<p>Discussion Points :</p> <p>Mr D. COWEN presented the EURIBOR Oversight report for March 2020. He reminded the members that the document is confidential and not for distribution outside the Steering Committee.</p> <p>In March 2020 EURIBOR was always published on time and according to the input data received. The pre-publication anomaly test flags indicated an increase in contribution rate volatility related to the impact of COVID-19 on euro money markets. The number of late and multiple contributions increased somewhat, which was also linked to the COVID-19 situation and the various exceptional measures taken by Panel Banks, such as homeworking arrangements.</p> <p>Mr D. COWEN further noted that the EURIBOR rates had increased in the second half of March, and that the reliance on Level 3 had also generally increased. Transaction volumes had shifted from the longer tenors into the short-end.</p> <p>Members mentioned that the figures showed that EURIBOR remained robust in the stressed circumstances. They also enquired if there had been any pickup in volumes since the end of the report. Mr D. COWEN noted that the first two weeks of April had seen more activity than the last two weeks of March.</p> <p>Decision and votes :</p> <p>n/a</p> <p>Action points :</p> <p>n/a</p>
<p>ITEM 6</p> <p>CHANGES TO PRE- AND POST-PUBLICATION ANOMALY TEST FLAGS</p>	<p>Discussion Points :</p> <p>Mr D. COWEN presented to the members the Secretariat’s proposal of a number of changes to the pre- and post-publication anomaly tests performed in EBASS. He mentioned that the Secretariat had performed an analysis on the contributions made since the full implementation of the hybrid methodology in November 2019, to assess the need to recalibrate the thresholds of existing tests and to introduce potentially new tests. The results of the analysis showed that the characteristics of the contributions under the hybrid methodology differed somewhat from the contributions under the legacy quote-based methodology, and that some adjustments to the tests were warranted.</p> <p>Members asked clarifying questions behind the choices of some of the parameters of the tests. They also asked, what were the exact time periods of the data that were used in the analysis, and whether bank-specific data have been used to design the indicators. Mr D. COWEN confirmed both points. Members also asked if the Secretariat had consulted Panel</p>

	<p>Banks in the process of updating the tests. Mr D. COWEN replied that the banks are not aware of the exact tests, nor the thresholds, that are performed so as not to unduly influence their contributions. Mr J-L. SCHIRMANN added that the tests should remain as an internal control check, and that Panel Banks have implemented their own controls on their side.</p>
	<p>Decision and votes : The changes to the pre- and post-publication anomaly tests were unanimously approved</p>
	<p>Action points : To implement the changes to the pre- and post-publication anomaly tests.</p>
<p>ITEM 7 EONIA OVERSIGHT</p>	<p>Discussion Points : Mr D. COWEN presented the EONIA Oversight report for March 2020. He confirmed that in March 2020 EONIA was always published on time and according to the input data received. He confirmed that there were no need for manual interventions, nor business continuity or disaster recovery events, during the month. He also mentioned that as of 18th March all staff members involved in the daily EONIA rate-setting process had been working from home due to the COVID-19 situation, and had successfully performed the tasks remotely. The benchmark process had therefore continued to be business as usual.</p>
	<p>Decision and votes : n/a</p>
	<p>Action points : n/a</p>
<p>ITEM 8 INTERNAL AUDIT ON EURIBOR ADMINISTRATION</p>	<p>Discussion Points : Mr T. DUFRESNE presented the report of the internal auditors on the administration of EURIBOR. He informed the members that the audit had been taken in 2019 to assess the design and processes of the main EURIBOR administration process, support processes, and internal controls. All processes were deemed generally effective. The remarks from the auditors related mainly to the clarity of the documentation. The procedures will be reviewed to clarify roles and responsibilities, include potentially missing steps in the process, and to clarify decision-making processes and triggers.</p> <p>Members remarked on the level of granularity of the audit, which included observations of the form of the procedures such as inconsistent numbering and typos, and expressed surprise at the relatively high risk category placed on these findings. Mr T. DUFRESNE explained that the original classification had been even higher, but had been reduced after a review with EMMI staff members. He also noted that the findings were useful in general for the review of the procedures. Members also asked if the audit findings had been shared with the FSMA. Mr T. DUFRESNE confirmed they had been, and that no comments had been received so far.</p>
	<p>Decision and votes :</p>

	n/a
	Action points : n/a
ITEM 9 COMPOSITION OF THE EURIBOR PANEL	Discussion Points : Mr J-L. SCHIRMANN confirmed that there had not been any changes to the composition of the EURIBOR panel since the last meeting of the Steering Committee. Members asked if there was an update on the panel enlargement outreach that was presented at the previous meeting. Ms DE DEYNE replied that the outreach had been put on hold due to the COVID-19 situation, although some banks had been already contacted.
	Decision and votes : n/a
	Action points : n/a
ITEM 12 ANY OTHER BUSINESS	Discussion Points : The next meeting of the Steering Committee is scheduled for 11 th June 2020. The decision to hold the meeting as a physical meeting or as a conference call will be made closer to the meeting depending on the development of the COVID-19 situation.
	Decision and votes : n/a
	Action points : n/a