

Meeting Minutes

Meeting Title	73 rd Steering Committee Meeting
Date and Time	12 th September 2019
Location	Conference call
Attendees	
Voting Members	A. COVIN (Chair); J. BESUIJEN; J.C. CUEVAS; F. HEBEISEN; D. LE MASSON; C. MERKEL; T. MILLION; V.VAN DESSEL; J.M. VERDUGO; L. VLAMINCK;
Non-voting members	J-L. SCHIRMANN (EMMI Secretary General, ex-officio member);
Observers	P. GAGGI (EMMI Board of Directors; observer)
Excused	A. BIEWALD; T. MIRONCZUK;
Secretariat	D. COWEN; A. LÓPEZ; A. LUSKIN; G.MARQUES;
Quorum	10 out of 12 voting members

Agenda Item	
WELCOME	The Chairman Mr A. COVIN welcomed the members to the meeting. The Chairman also welcomed Mr P.GAGGI, member of EMMI's Board of Directors, as observer for this meeting.
ITEM 1 CONFLICTS OF INTEREST	Discussion Points : The Chairman 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.
ITEM 2 MINUTES OF THE PREVIOUS MEETING	Discussion Points : The members reviewed the minutes of the previous meeting of the Steering Committee that took place on 24th June 2019.
	Decision and votes : The minutes of the previous meeting were approved unanimously.
	Action points : To publish the approved minutes on the EMMI website.

<p>ITEM 3</p> <p>REGULATORY AND SUPERVISORY ISSUES</p>	<p>Discussion Points :</p> <p>Ms G. MARQUES restated to the members that EMMI had been granted an authorisation by the Belgian Financial Services and Markets Authority (FSMA) for the administration of EURIBOR on 2 July 2019.</p> <p>She also updated the members on the progress made for filing for the authorisation for the administration of EONIA.</p> <p>She further updated the members on recent regulatory publications, including an update to the ESMA Q&As on the BMR, which confirmed that the €STR is not based on contributions of input data as defined in the BMR. The euro RFR working group had also issued a number of publications, including a report on the implications of the transition from EONIA to the €STR on cash and derivatives products, a call to benchmark administrators for expressions of interest in producing a €STR based forward-looking term structure, a recommendation for a legal action plan for the transition from EONIA to €STR, and a letter to the International Accounting Standards Board. The working group is also organising a second roundtable on euro risk-free rates, which EMMI will attend as a participant to a panel discussion.</p> <p>Members mentioned that it would be useful for the market to receive a public statement of support from the FSMA, similar to what was given for EURIBOR.</p> <p>Decision and votes:</p> <p>n/a</p> <p>Action points :</p> <p>n/a</p>
<p>ITEM 4</p> <p>EURIBOR TRANSPARENCY INDICATORS</p>	<p>Discussion Points :</p> <p>Mr D. COWEN presented the Secretariat’s proposal for the template for the report of transparency indicators for the hybrid EURIBOR methodology. He reminded the members that the need for transparency indicators arises from the IOSCO principles and BMR, as well as the fact that the publication of the individual contribution rates of Panel Banks was discontinued in December 2018.</p> <p>The indicators that EMMI had committed to publishing in the second public consultation on the hybrid methodology were: an indication of the reliance on each level of the hybrid methodology, aggregated volume underpinning the benchmark’s determination, and the percentage of counterparty types of transactions used in the determination of the benchmark. Members received a prototype report that contained these indicators for their approval.</p> <p>One member raised the concern of disclosing the percentage of transactions that were determined using Level 3. Mr J-L. SCHIRMANN replied that Level 3 is a legitimate part of the hybrid methodology and that there should be no stigma associated with its usage. Mr A. COVIN added that the lack of transactions data is a well-known</p>

	<p>consequence of the current unprecedented monetary policy and regulatory environments.</p> <p>Decision and votes : The members unanimously approved the format of the EURIBOR transparency reports.</p> <p>Action points : To begin publication of the reports after the conclusion of the phase-in period.</p>
<p>ITEM 5</p> <p>EURIBOR ERROR REPORTING</p>	<p>Discussion Points :</p> <p>Mr D. COWEN presented the Secretariat’s proposal for the template for the list of reported errors for the hybrid EURIBOR methodology. He explained that the current list of reported errors published on EMMI’s website is designed for the legacy quote-based EURIBOR methodology and would need to be revamped to take into account the characteristics of the hybrid methodology.</p> <p>The Secretariat proposed:</p> <ul style="list-style-type: none"> • To amend EMMI’s Re-fixing Policy to limit the reporting to errors that would have resulted in an impact on the published EURIBOR rate(s), in order to focus the reporting on actual impact on the benchmark. • To aggregate the reporting of all errors into one line item in a table and provide descriptive statistics on the nature and impact of the errors. <p>Members received a prototype report that contained these indicators for their approval.</p> <p>Decision and votes: Members unanimously approved the change in the Re-fixing Policy to report only errors that had an impact on the published EURIBOR and the format of the report pending further analysis on one indicator.</p> <p>Action points : n/a</p>
<p>ITEM 6</p> <p>EURIBOR OVERSIGHT</p>	<p>Discussion Points :</p> <p>Mr D. COWEN presented the EURIBOR Oversight report for August 2019. He reminded the members that the document is confidential and not for distribution outside the Steering Committee.</p> <p>In August 2019 EURIBOR was always published on time and according to the input received. The overall number of pre-publication test flags had increased compared with prior months as a consequence of developments in the underlying market as well as the ongoing phase-in of the hybrid methodology. Operational indicators on the other hand had improved compared with previous months. The monthly average EURIBOR curve had continued to flatten and shift downwards.</p>

	<p>Some members commented on the general change in the underlying market that had been brought on by a change in the ECB's monetary policy stance and which was reflected in some of the indicators in the report. Members also discussed the possible impact of Brexit on the underlying market.</p> <p>Decision and votes : n/a</p> <p>Action points : n/a</p>
<p>ITEM 7 EONIA OVERSIGHT</p>	<p>Discussion points:</p> <p>Mr V. TSONCHEV (ECB) presented the EONIA Contribution Process Quality Report for June and July 2019.</p> <p>In June, EONIA was always published on time and calculated according to the input received. There were two occasions on which the ECB had to contribute on behalf of Panel Banks and one case of a multiple contribution.</p> <p>In July, EONIA was always published on time and calculated according to the input received. There was one case when the ECB had to manually verify a contribution on behalf of a Panel Bank, seven cases multiple contributions and one case of an outdated contact detail.</p> <p>Decision and votes: n/a</p> <p>Action points: n/a</p>
<p>ITEM 8 MANDATES OF THE MEMBERS</p>	<p>Discussion Points :</p> <p>Mr D. COWEN updated the members on the current status of their mandates. He highlighted that a significant number of mandates will expire in the summer of 2020, with no possibility to renew. The Secretariat will therefore begin to canvass new potential members well in advance to avoid a big bang transition between old and new members.</p> <p>The members suggested to extend the length of a mandate from 3 years to 4 years and inquired about the nomination process of new members. Mr J-L. SCHIRMANN reminded the members that the term, profile and nomination process of members is included in the public Terms of Reference of the Steering Committee document, and that as the document had been recently approved, there was currently no scope to incorporate changes to it at this moment in time.</p> <p>Decision and votes : n/a</p>

	<p>Action points :</p> <p>To begin the process of defining the ideal profiles of new members for the Steering Committee and issuing invitations for expressions of interest to the prospective persons identified.</p>
<p>ITEM 9</p> <p>COMPOSITION OF EURIBOR/EONIA PANELS</p>	<p>Discussion Points :</p> <p>The members received the current compositions of the EURIBOR and EONIA panels, which had not changed since the previous meeting of the Steering Committee. The Secretariat highlighted that the EONIA panel would be dissolved on 1st October in accordance with the implementation of the recalibrated methodology.</p> <p>Decision and votes :</p> <p>n/a</p> <p>Action points :</p> <p>n/a</p>
<p>ITEM 10</p> <p>ANY OTHER BUSINESS</p>	<p>Discussion Points :</p> <p>The next meeting of the Steering Committee is scheduled to occur on 14 November 2019 at EMMI's premises in Brussels.</p> <p>Decision and votes :</p> <p>n/a</p> <p>Action points :</p> <p>n/a</p>