

## Minutes - 80th Steering Committee Meeting

<b>Meeting Title</b>	80 <sup>th</sup> Steering Committee Meeting
<b>Date and Time</b>	25 <sup>th</sup> November 2020, 09.30 to 12.30 & 13.30 to 15.30
<b>Location</b>	Conference call
<b>Members</b>	A. COVIN (Chair); M. BRIZEE; Z. CHATZIMPEI; J.C. CUEVAS; D. LE MASSON; T. MILLION; T. MIRONCZUK; M. VERHEIJEN L. VLAMINCK; J-L. SCHIRMANN (EMMI Secretary General, ex-officio member, non-voting member)
<b>Observer</b>	J.-F. PONS (Chair of the EMMI Board of Directors; observer)
<b>Excused</b>	
<b>Secretariat</b>	J. CSÖRGEI, P. DE DEYNE; A. DE LISIO; J. FELDKAMP; A. GUZZARDI ; C. CUSTINNE ; P. COLOT
<b>Quorum</b>	9 voting Members

Agenda Item	
<b>WELCOME</b>	Mr. A. COVIN welcomed the Members to the 80 <sup>th</sup> EURIBOR and EONIA Steering Committee meeting.
<b>ITEM 1 CONFLICTS OF INTEREST</b>	<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> <p>Mr. T. MIRONCZUK declared that he is currently CEO of IRF which is the administrator of the benchmark WKF, approved in November 2020 by the KNF as a new interest rate benchmark. Mr T. MIRONCZUK duly informed EMMI and its Conflict of Interest Oversight Committee.</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 10 September 2020.</p> <p><b>Decisions and votes:</b></p> <p>The minutes of the previous meeting were approved unanimously.</p>

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	<p><b>Action Points:</b></p> <p>To publish the approved minutes on the EMMI website.</p>
<p><b>ITEM 3 REGULATORY UPDATE</b></p>	<p><b>Discussion Points:</b></p> <p>Ms. A. DE LISIO presented an update on recent supervisory and regulatory developments and emphasised that EMMI had regular contact with supervisors in the EU and in the UK for Brexit related matters. EMMI was also actively participating in developments on the European level and followed the international regulatory discussion.</p> <p>Ms. DE MASSON pointed to the consultation paper of the Euro RFR WG on EURIBOR fallback triggers and the discussion around a material change to the benchmark methodology as a potential trigger for a fallback rate. Mr J. FELDKAMP explained the intervention EMMI had made to clarify that material changes to a methodology would be life cycle events and should keep a benchmark alive and robust rather than trigger its fallback.</p> <p>Mr. A. COVIN reminded that it was the Steering Committee’s role to determine if a change to the methodology was material.</p> <p><b>Decisions and votes:</b></p> <p>N/A</p> <p><b>Action Points:</b></p> <p>To keep informing the Steering Committee on the regulatory discussion.</p>
<p><b>ITEM 4 1<sup>st</sup> ANNUAL REVIEW OF THE EURIBOR HYBRID METHODOLOGY</b></p>	<p><b>Discussion Points:</b></p> <p>Mr. J. CSÖRGEI and Mr. A. GUZZARDI introduced EMMI’s draft Final Report on the 1<sup>st</sup> Annual Review of the EURIBOR Methodology and explained that EMMI had conducted a scenario-based analysis of transaction data provided by the Panel Bank that covered the period of 1 January to 31 August 2020. Mr. J. CSÖRGEI explained ten scenarios that EMMI had analysed: different eligibility thresholds for Level 1 and Level 2, the inclusion of transactions with non-financial counterparties, the extension of the accepted settlement dates to T+3, a calibration of the transaction window for the 12m tenor, increasing the lookback period for Level 2.3 by one day, and rolling the futures dates used for the Market Adjustment Factor in Level 2.3 by one day.</p> <p>Members agreed that the proposed changes were not material changes of the EURIBOR methodology but would be a calibration and parametrisation of the current methodology.</p>

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	<p>Mr. J. FELDKAMP explained the next steps for this item, including the approval by the Board of Directors and subsequently a discussion with the Panel Banks on the time they would need to implement the calibrations. EMMI would also propose required changes to the relevant governance documents, in particular the EURIBOR Benchmark Determination Methodology and the EURIBOR Code of Obligations of Panel Banks, to the next Steering (Oversight) Committee. Mr. A. COVIN asked if EMMI had already formed a view whether to require Panel Banks to implement the new parameters on a concerted date. Mr J.-L. SCHIRMANN replied that EMMI had not made a decision but was in favour of a single date rather than a phase in bank by bank.</p> <p><b>Decisions and votes:</b></p> <p>Members unanimously approved of the proposed amendments to the EURIBOR Hybrid methodology.</p> <p><b>Action Points:</b></p> <p>To propose the approved amendments to the EURIBOR Methodology to the Board of Directors.</p>
<p><b>ITEM 5</b>  <b>NON-EU BANK/S ON THE EURIBOR PANEL AND TREATMENT OF UK TRANSACTIONS</b></p>	<p><b>Discussion Points:</b></p> <p>Mr. J. FELDKAMP introduced EMMI’s proposal to agree to an interpretation of the EURIBOR Underlying Interest that would allow non-EU banks to contribute to EURIBOR as long as they only reported their wholesale funding transactions conducted in the EU and EFTA countries. EMMI also proposed to add a clarification to the EURIBOR Underlying Interest that EU and EFTA countries would include current and former EU and EFTA Member States. This proposal was an amendment to the proposal that EMMI had made to the 79<sup>th</sup> EURIBOR Steering Committee regarding the treatment of UK transactions in EURIBOR.</p> <p>Mr. J. FELDKAMP also explained that the developments of the euro funding market in the UK would have to be closely monitored and that the proposed clarification to the EURIBOR Underlying Interest might have to be reviewed accordingly. Mr. A. COVIN asked if EMMI proposed to also include former EFTA member countries with its proposal. Members discussed the relevance of former EFTA countries and agreed that these would not be relevant as they had all joined the EU, the proposed amendment could remain unchanged. Ms. Z. CHATZIMPEI commented that an alignment with MMSR would be sensible and appreciated that EMMI had sought external legal advice in advance that supported EMMI’s proposal.</p> <p><b>Decisions and votes:</b></p> <p>Members confirmed EMMI’s reading of the EURIBOR Underlying Interest and approved to add the proposed clarification unanimously.</p>

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	<p><b>Action Points:</b></p> <p>To propose the approved amendment to the EURIBOR Underlying Interest to the Board of Directors.</p>
<p><b>ITEM 6</b> <b>AMENDMENT TO EURIBOR AND EONIA BENCHMARK STATEMENTS</b></p>	<p><b>Discussion Points:</b></p> <p>Mr. J. FELDKAMP introduced a proposal to amend the EURIBOR and EONIA Benchmark Statements.</p> <hr/> <p><b>Decisions and votes:</b></p> <p>Members approved the proposal to change the EURIBOR and EONIA Benchmark Statements unanimously.</p> <hr/> <p><b>Action Points:</b></p> <p>To propose the approved amendments to the EURIBOR and EONIA Benchmark Statements to the Board of Directors.</p>
<p><b>12.30-13.30</b></p>	<p><b>LUNCH BREAK</b></p>
<p><b>ITEM 7</b> <b>REPORT ON PANEL BANKS LEVEL 3 METHODOLOGIES</b></p>	<p><b>Discussion Points:</b></p> <p>Mr. A. GUZZARDI presented the first report on Panel Banks' Level 3 methodologies and their share in the calculation of EURIBOR since the beginning of 2020, in particular during the COVID-19 crisis. Panel Banks would report their Level 3 contributions to EMMI using one of six predefined Reason Codes with the one for a combination of input data used most regularly.</p> <p>Mr. A. COVIN said that EMMI should inform the Steering (Oversight) Committee again once a meaningful period for observation has passed.</p> <hr/> <p><b>Decisions and votes:</b></p> <p>N/A</p> <hr/> <p><b>Action Points:</b></p> <p>N/A</p>
<p><b>ITEM 8</b> <b>PANEL BANK CONTACT GROUP</b></p>	<p><b>Discussion Points:</b></p> <p>Mr. J. FELDKAMP gave a summary of the inaugural meeting of the Panel Bank Contact Group that had taken place by conference call on 29 October. The initiative had been welcomed by all Panel Banks and the lively discussions covered the Annual Review of the EURIBOR Methodology, the treatment of UK transactions in EURIBOR and the EURIBOR Governance Framework including the requirements and frequencies of internal and external audits. Panel Banks had also asked EMMI about the plan to onboard the calculation of Level 3 at administrator level.</p>

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	<p>Mr. T. MILLION commented that the enlargement of the EURIBOR Panel was also an important point to raise. Mr. J.-L. SCHIRMANN commented that EURIBOR had been strengthened on different axes, i.e., by its robust methodology, which had been proven in the COVID crisis and which would be reviewed more often than required, and the Panel Bank outreach.</p> <p><b>Decisions and votes:</b> N/A</p> <p><b>Action Points:</b> N/A</p>
<p><b>ITEM 9 MONEY MARKET REPORT</b></p>	<p><b>Discussion Points:</b></p> <p>Mr. J. CSÖRGEI presented the Euro Money Market Report for Q3/2020. The observed period had been characterised by central bank stimuli again and EURIBOR rates were pushed down since July by the abundance of liquidity in the market. In November, four EURIBOR tenors were below the Deposit Facility rate which would indicate a surplus of liquidity over demand. Other important decisions were the extension of the PEPP, TLTRO and the ECB decision to grant exemptions to balance sheet requirements in September. The central bank intervention had shown effects, the market recovery from the COVID crisis was advancing. Excess liquidity was still historically high.</p> <p><b>Decisions and votes:</b> N/A</p> <p><b>Action Points :</b> N/A</p>
<p><b>ITEM 10 EURIBOR OVERSIGHT REPORT</b></p>	<p><b>Discussion Points:</b></p> <p>Mr. J. CSÖRGEI presented the EURIBOR Oversight Report for October 2020.</p> <p><b>Decisions and votes:</b> N/A</p> <p><b>Action Points :</b> N/A</p>
<p><b>ITEM 11</b></p>	<p><b>Discussion Points:</b></p>

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<b>EONIA OVERSIGHT REPORT</b>	Mr. J. CSÖRGEI presented the EONIA Oversight Report for October 2020. No operational issues were observed in the production of EONIA.
	<b>Decisions and votes:</b> N/A
	<b>Action Points:</b> N/A
<b>ITEM 12 COMPOSITION OF THE EURIBOR PANEL</b>	<b>Discussion Points:</b> Mr. J. FELDKAMP confirmed that there had not been any changes to the composition of the EURIBOR Panel since the last meeting of the Steering Committee.
	<b>Decisions and votes:</b> N/A
	<b>Action Points:</b> N/A
<b>ITEM 13 ANY OTHER BUSINESS</b>	Mr. J.-L. SCHIRMANN announced that the meeting calendar for 2021 would soon be finalised with the first meeting of the Oversight Committee to be expected for the second half of January as a single day meeting. Mr. A. COVIN regretted that only one physical meeting had been possible during 2020 and that the departure of old and welcoming of new Members could not have taken place in physical presence. He thanked the Members for the healthy and supportive discussions over the year. Mr. J.-F. PONS thanked the Members for the interesting meeting and pointed out that Members would appropriately challenge the good input from EMMI.