



Minutes – 83rd Oversight Committee Meeting

Meeting Title	83 rd Oversight Committee Meeting
Date and Time	20 th April 2021, 10.00 to 15.30 CET
Location	Conference call
Members	A. COVIN (Chair); M. BRIZEE; Z. CHATZIMPEI; J.C. CUEVAS (attended till 12:30); D. LE MASSON; T. MILLION; T. MIRONCZUK; M. VERHEIJEN; L. VLAMINCK; J-L. SCHIRRMANN (CEO, ex-officio member, non-voting member)
Observer	JORGEN HORWITZ (Member of the EMMI Board of Directors; observer)
Excused	
Secretariat	P. COLOT; C. BERGAMASCHI; C. CUSTINNE; J. CSÖRGEI; A. DE LISIO; T. DUFRESNE; J. EVENEPOEL; J. FELDKAMP; A. GUZZARDI;
Quorum	9 voting Members

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WELCOME	The Chair Mr A. COVIN welcomed the Members to the 83 rd Oversight Committee meeting. The meeting was held by conference call due to the COVID-19 situation. The Chair also welcomed Mr J. Horwitz, Member of EMMI's Board of Directors as observer for this meeting.
ITEM 1 CONFLICTS OF INTEREST	The Chair reminded everyone that Members of the Oversight 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. The members had no conflicts of interest to declare.
ITEM 2 MINUTES OF THE PREVIOUS MEETING	<p>Discussion Points:</p> The Members reviewed the minutes of the previous meeting of the Oversight Committee that took place on the 10 th of March 2021. One amendment to the minutes was discussed and agreed. <p>Decisions and votes:</p>

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	<p>The minutes of the previous meeting were approved unanimously.</p> <p>Action Points:</p> <p>To amend the minutes with the change discussed and to publish the minutes on the EMMI website.</p>
ITEM 3 REGULATORY UPDATE	<p>Discussion Points:</p> <p>Ms A. DE LISIO provided the Members with an update on the latest regulatory and supervisory topics:</p> <ul style="list-style-type: none"> • Summary of EMMI's interaction with public authorities; • Adoption of the Regulation amending EU BMR and publication in the Official Journal of the EU; • Updates on transitional provisions for non- EU benchmarks: the transitional period has been extended until 2023; • ESMA's report on complaints-handling guidelines; • Information on the cessation of LIBOR: the publication of LIBOR for most of the currency and tenors will cease at the end of 2021, only the publication of some USD LIBOR tenors will cease in June 2023; • Continuation of the WG on Euro Risk Free Rates under the lead of ESMA with a new mandate and new chairmanship. The WG will be able to publish recommendations after public consultations on topics related to its mandate. The WG will have power to propose a statutory replacement rate in case a fallback rate for a ceding benchmark has not been included in all existing contracts;
ITEM 4 OVERSIGHT COMMITTEE SELF-ASSESSMENT: DRAFT SURVEY	<p>Discussion Points:</p> <p>Ms A. DE LISIO presented a draft survey for the Oversight Committee self-assessment prepared by EMMI. The aim of this survey is to verify that the Committee is operating according to the governance framework that is required by the BMR and the Term of Reference. The questionnaire reflects all the duties and features of the Committee. The questionnaire is anonymous, and Members are invited to complete the survey only in a single session. EMMI will analyse the feedback and present it to the next Oversight Committee and to the Board.</p> <p>Ms A. DE LISIO clarified that the statement A.10: 'I have received an induction on joining the Oversight Committee' means whether Members received any documentation or training when joining the Committee.</p> <p>Some Members preferred to formulate some of the topics as closed questions. One Member highlighted that it would be difficult to judge how much time Members</p>

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	<p>devote to perform their role and proposed to modify the question A.6 into an individual self-assessment. It was also added that despite the completeness of the survey, it would be appropriate to allow further input.</p> <p>Ms A. DE LISIO explained that the rating of the answers from 0 to 5 allows an easier aggregation and presentation of the findings, observing that a 0 rating allows respondents to say that the point is not applicable, or that they do not have enough knowledge and information. It was agreed to:</p> <ul style="list-style-type: none"> • Complement the questions related to the report of the Chairman and to the induction of the members by a further question touching upon the quality of the report and of the induction; • Rephrase some questions to give members the possibility to assess both the individual and the collective contribution to the Committee; • Add a comment box after each question;
	<p>Decisions and votes:</p> <p>Members agreed on the amendments in the draft survey.</p>
	<p>Action Points:</p> <p>EMMI to amend the draft survey with the suggestions gathered from Members, circulate the final survey to Members and publish the survey. The feedback will be presented in the next Oversight Committee.</p>
<p>ITEM 5 REVIEW OF CONSULTATION POLICY & PROCEDURE</p>	<p>Discussion Points:</p> <p>Mr J. FELDKAMP explained the changes to EMMI's consultation policy which covers all EMMI benchmarks. In the review, EMMI extended the scope beyond material changes to cover consultations in all relevant cases.</p> <p>One Member asked for clarification on the amendment number 3.3 which states: "when these measures can impact the money market significantly". Mr J. FELDKAMP pointed out that it would be also important to consult stakeholders in these cases with EMMI's mandate in view. In any case these consultations are always optional.</p> <p>One Member pointed out that in the approval procedure the proposal should be signed by CEO of EMMI before presenting it to the Board. Mr J. FELDKAMP noted that this point could be clarified in the approval procedure.</p>
<p>ITEM 6 EURIBOR OVERSIGHT REPORT</p>	<p>Discussion Points:</p> <p>Mr J. FELDKAMP gave an update on the implementation of the changes to the EURIBOR Hybrid Methodology following its first Annual Review, which occurred on the 19th of April. The first day under the revised threshold and lookback periods</p>

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	<p>already indicated an increase in eligible transactions. However, more data was required for EMMI to perform a proper analysis.</p> <p>Mr J. CSÖRGEI presented the EURIBOR Oversight report for March 2021. EURIBOR was always published on time and according to the input data received, there were no errors or late contributions to be reported.</p>
ITEM 7 EONIA OVERSIGHT REPORT	<p>Discussion Points:</p> <p>Mr J. CSÖRGEI presented the EONIA Oversight report for March 2021.</p> <p>In March 2021, EONIA was always published on time and according to the received input data. Mr J. CSÖRGEI noted that there were no incidents to report on EONIA in the last month.</p>
ITEM 8 MONEY MARKET REPORT	<p>Discussion Points:</p> <p>Mr J. CSÖRGEI presented the Money Market Report for Q1/2021.</p> <p>There have not been significant changes in the euro money market in the first quarter of 2021 compared to the last two quarters of 2020. Short term tenors of EURIBOR remained stably below the Deposit Facility Rate (-0.50%), the 12M tenor reached levels above -0.50% consistently during the last weeks of the quarter.</p> <p>Some market participants expected further easing by the ECB in the near future (for example in form of further rate cuts).</p> <p>Two ECB Governing Council meeting took place in the first semester of 2021. The Pandemic Emergency Purchase Programme (PEPP) will continue to be conducted with the increased €1850 billion overall envelope and it will run until the end of 2023. The Governing Council expects purchases under the PEPP over the next quarter to be conducted at a significantly higher pace than during the first months of this year. The envelope can be recalibrated if required to maintain favourable financing conditions to help counter the negative pandemic shock to the path of inflation. For the entire first quarter, 3M EURIBOR stayed below the OIS 3M and the 3M EURIBOR/OIS spread remained in the negative zone. Analysts noted that those market participants which were hoarding cash were actively back on the market, however they found a situation where banks were borrowing less, due to the accommodative Central Bank activity.</p> <p>The continued publication of the EONIA (under the new methodology) and €STR set at very stable levels throughout the entire first quarter of 2021. €STR continued to produce stable volumes and even higher volumes than before the beginning of the current crisis with an average of 43 billion in Q1 2021.</p>
ITEM 9 RISK AND AUDIT REPORTS	<p>Discussion Points:</p>

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	<p>Mr T. DUFRESNE, Senior Risk Officer, presented an overview on Risk and Audit reports:</p> <ul style="list-style-type: none"> • BMR compliance: <ul style="list-style-type: none"> ○ Statutory audit: The audit type 1 “Reasonable Assurance” for EURIBOR and EONIA was conducted in Q2 2020. The conclusion states that the description presented in EMMI’s BMR compliance Statement relating to the compliance with the applicable BMR requirements fairly represents the controls as designed and implemented as of 31 December 2019. A follow-up audit will be performed in 2021 to look at the operational effectiveness of the controls in place. The report has been shared with FSMA and is also available online.
ITEM 10 EURIBOR BCP EXERCISE	<p>Discussion Points:</p> <p>Mr C. CUSTINNE informed Members about the outcome of the EURIBOR Disaster Recovery Test exercise conducted on the 15th of March 2021. This exercise tested the ability of the calculation agent to calculate EURIBOR and to publish it in case the EBASS system is not available. In this scenario, Panel Banks should send their Level 3 contributions to the calculation agent. EMMI is satisfied with the result of this test, there were just a few observations on how to improve the wording of the documents/material.</p>
ITEM 11 COMPOSITION OF THE EURIBOR PANEL	<p>Discussion Points:</p> <p>It was confirmed that there had not been any changes to the composition of the EURIBOR Panel since the last meeting of the Oversight Committee. Mr J. FELDKAMP informed the Members that HSBC France changed the name to HSBC Continental Europe.</p>
ITEM 12 ANY OTHER BUSINESS	<p>Discussion Points:</p> <p>N/A</p>