



## Meeting Minutes

<b>Meeting Title</b>	78 <sup>th</sup> Steering Committee Meeting
<b>Date and Time</b>	11 <sup>th</sup> June 2020
<b>Location</b>	Conference call
<b>Attendees</b>	
<b>Voting Members</b>	A. COVIN (Chair); J. BESUIJEN A. BIEWALD; Z. CHATZIMPEI J.C. CUEVAS; V.VAN DESSEL; F. HEBEISEN (for items 7-10); D. LE MASSON; C. MERKEL; T. MILLION; T. MIRONCZUK; J.M. VERDUGO; M. VERHEIJEN; L. VLAMINCK;
<b>Non-voting members</b>	J-L. SCHIRMANN (EMMI Secretary General, ex-officio member);
<b>Observers</b>	K. VAJC (EMMI Board of Directors; observer)
<b>Excused</b>	
<b>Secretariat</b>	C. BERGAMASCHI ; D. COWEN; J.CSÖRGEI; P. DE DEYNE ; A. DE LISIO; J. FELDKAMP; A. LÓPEZ;
<b>Quorum</b>	14 out of 14 voting members (13 out of 14 for items 1-6)

<b>Agenda Item</b>	
<b>WELCOME</b>	The Chair Mr A. COVIN welcomed the members to the meeting and thanked them for making themselves available for the meeting, which was again exceptionally held by conference call due to the COVID-19 situation.  The Chair also welcomed Mr K. VAJC, member of EMMI's Board of Directors as observer for this meeting.
<b>ITEM 1 CONFLICTS OF INTEREST</b>	<b>Discussion Points :</b>  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.  The members had no conflicts of interest to declare.
<b>ITEM 2</b>	<b>Discussion Points :</b>

<b>MINUTES OF THE PREVIOUS MEETING</b>	<p>The members reviewed the minutes of the previous meeting of the Steering Committee that took place on 23<sup>rd</sup> April 2020.</p> <p><b>Decision and votes :</b></p> <p>The minutes of the previous meeting were approved unanimously.</p> <p><b>Action points :</b></p> <p>To publish the approved minutes on the EMMI website.</p>
<b>ITEM 3</b> <b>INTRODUCTION OF NEW MEMBERS</b>	<p><b>Discussion Points :</b></p> <p>The Chair welcomed Ms ZINIA CHATZIMPEI and Mr MAX VERHEIJEN as new members of the Steering Committee. Both briefly presented themselves and they highlighted their expertise on money markets and on benchmarks developed in current and previous working experiences.</p> <p><b>Decision and votes :</b></p> <p>n/a</p> <p><b>Action Points :</b></p> <p>n/a</p>
<b>ITEM 4</b> <b>CHANGES TO EMMI STAFF</b>	<p><b>Discussion Points :</b></p> <p>Mr J-L. SCHIRMANN updated the members on some recent changes to EMMI staff. In particular, he introduced two new members who have joined the EMMI benchmarks team and will be working closely on topics related to the work of the Steering Committee. He also mentioned that a third new hire would join the team in September. Finally, he informed the members of the departure of one member of the benchmarks team.</p> <p><b>Decision and votes :</b></p> <p>n/a</p> <p><b>Action Points :</b></p> <p>n/a</p>
<b>ITEM 5</b> <b>REGULATORY AND SUPERVISORY ISSUES</b>	<p><b>Discussion Points :</b></p> <p>Ms A. DE LISIO provided the members with an update on the latest regulatory and supervisory topics. She mentioned that the Secretariat has kept the FSMA updated on the contingency measures adopted by EMMI due to the COVID-19 situation, including the key milestones of its de-confinement plan as well as key risk indicators take into account for the exit strategy.</p> <p>She noted that ESMA had organised a hearing regarding its consultation on draft Regulatory Technical Standards (RTS) under the Benchmarks Regulation (BMR) covering governance, methodology, infringements reporting, and critical benchmarks. The hearing had been attended by approximately 100 market participants, including EMMI</p>

	<p>who had asked clarifying questions to ESMA regarding the proposed draft RTS related to methodology.</p> <p>Other notable publications included a report from the UK regulatory forum on planned initiatives that had been delayed due to COVID-19, among them the initiative of a fair, clear and orderly transition from LIBOR to robust, reliable and clean alternative risk-free rates. However the LIBOR phase-out date was re-confirmed as end-2021.</p> <p>The euro RFR Working Group had held one meeting since the last meeting of the Steering Committee. The main point on the agenda had been the updated planning of working group deliverables in the wake of the COVID-19 crisis.</p> <p>ISDA had also created a dedicated hub on its website for all useful information of the LIBOR transition. ISDA had further published a summary of feedback to its consultation on pre-cessation fall-backs for derivatives referenced to LIBOR. A clear majority of market participant respondents answered “Yes” to the question on whether ISDA should publish a Supplement to the 2006 ISDA Definitions so that the Rate Options for LIBOR in the relevant currencies (USD, GBP, CHF, JPY, EUR) all contain fall-backs that would apply upon the first to occur of (i) a permanent cessation trigger or (ii) a ‘non-representativeness’ pre-cessation trigger, and publish a Protocol to allow adherents to include the amended definitions in all of their legacy contracts with other adherents.</p> <p>Members discussed broadly the topic of cessation fall-backs in different jurisdictions, mentioning some concerns brought up by market participants. It was concluded that EMMI would keep updating the Steering Committee on this topic.</p>
	<p><b>Decision and votes:</b> n/a</p>
	<p><b>Action points :</b></p>
	<p>To keep informing the Steering Committee on updates related to the BMR review.</p>
<p><b>ITEM 6</b> <b>BREXIT AND THE REPORTING OF TRANSACTIONS FOR EURIBOR</b></p>	<p><b>Discussion Points :</b></p> <p>Mr D. COWEN recalled to the members the previous discussions and decisions of the Steering Committee regarding the impact of Brexit on the reporting scope for EURIBOR. He mentioned that the Steering Committee had approved a transitional period until the end of 2020 during which there would be no change in the scope, as well as to assess the inclusion or exclusion of UK-booked transactions during the 2020 annual review of the methodology.</p> <p>EMMI proposed to perform an informal survey of Panel Banks to understand the relevance these transactions play in their contributions as well as the potential costs associated with changes in reporting.</p>
	<p><b>Decision and votes:</b> n/a</p>

	<p><b>Action points :</b></p> <p>To perform an informal survey of all Panel Banks to ascertain:</p> <ul style="list-style-type: none"> <li>• The significance of UK-booked transactions in their EURIBOR contributions;</li> <li>• The costs associated with potential divergences from MMSR reporting with respect to UK-booked transactions;</li> <li>• Whether it was likely that UK-based euro flows would be moved to another entity within the Panel Bank located in the Eurozone.</li> </ul>
<p><b>ITEM 7</b></p> <p><b>EURIBOR OVERSIGHT</b></p>	<p><b>Discussion Points :</b></p> <p>Mr D. COWEN presented the EURIBOR Oversight report for May 2020. He reminded the members that the document is confidential and not for distribution outside the Steering Committee.</p> <p>In May 2020 EURIBOR was always published on time and according to the input data received. The pre-publication anomaly test flags indicated a decrease in contribution rate volatility from the COVID-19 induced highs of March and April. The number of late and multiple contributions remained unchanged from previous months. There was one Panel Bank with a slightly elevated number of operational issues, and EMMI was in the process of following up with them to resolve any systematic problems in the contribution process.</p> <p>Mr D. COWEN further noted that the reliance on Level 3 had decreased in May compared with April, which appeared to be the high-point in terms of use of Level 3. This trend was also reflected in the number of transactions and transaction volumes.</p> <p>Mr D. COWEN also presented the latest Euro Money Market Report covering the period Q1-Q2 2020. He noted the key events in the period, which mainly consisted of ECB Governing Council meetings or other monetary policy decisions. The ECB had adopted a number of additional measures in response to the COVID-19 crisis to ensure favourable financing conditions and an ample supply of liquidity.</p> <p>The EURIBOR rates had reacted to changing monetary policy expectations, during the first half of Q1 by decreasing in anticipation of further cuts to the deposit facility rate, and after the March ECB meeting retracting back higher as the cut did not materialise. The rates had then further been taken higher as a result of the COVID-19 crisis and the widening credit spreads, higher term premia and reduced unsecured money market activity at longer tenors. The rates had peaked around mid to late April and had come off the highs somewhat since then.</p> <p>The same trends were broadly reflected in EONIA swaps and forwards, the EURIBOR-OIS and FRA/OIS spreads, as well as EUR LIBOR. Excess liquidity in the Eurozone had started to grow at a high pace following the latest ECB measures. Finally, the EONIA and €STR rates had remained mostly stable throughout the crisis, although €STR volumes had peaked following cash hoarding and shortened maturities by corporates and money market funds.</p>

	<p><b>Decision and votes :</b> n/a</p> <p><b>Action points :</b> n/a</p>
<b>ITEM 8</b> <b>EONIA OVERSIGHT</b>	<p><b>Discussion Points :</b> Mr D. COWEN presented the EONIA Oversight report for May 2020. He confirmed that in May 2020 EONIA was always published on time and according to the input data received. There were two minor operational issues that had occurred since the last Steering Committee meeting, but these had not resulted in manual inputs of ESTR or EONIA or late publication of EONIA. He also re-confirmed that as of 18<sup>th</sup> 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><b>Decision and votes :</b> n/a</p> <p><b>Action points :</b> n/a</p>
<b>ITEM 9</b> <b>COMPOSITION OF THE EURIBOR PANEL</b>	<p><b>Discussion Points :</b> Mr J-L. SCHIRMAN confirmed that there had not been any changes to the composition of the EURIBOR panel since the last meeting of the Steering Committee.</p> <p><b>Decision and votes :</b> n/a</p> <p><b>Action points :</b> n/a</p>
<b>ITEM 10</b> <b>ANY OTHER BUSINESS</b>	<p><b>Discussion Points :</b> As the meeting was the last one for a number of Steering Committee members, the Chair and Mr J-L SCHIRMAN both thanked each departing members in turn for their longstanding contributions to the work of the Steering Committee.</p> <p>The next meeting of the Steering Committee is scheduled for 10 September. If possible, the meeting will take place as a physical meeting in Brussels.</p> <p><b>Decision and votes :</b> n/a</p> <p><b>Action points :</b> n/a</p>