



# Meeting minutes

## Meeting minutes

<b>Meeting title</b>	85 <sup>th</sup> Oversight Committee Meeting
<b>Date and time</b>	7 <sup>th</sup> September 2021, 09:30-13:00
<b>Location</b>	Conference call

<b>Attendees</b>	<p><b>Members:</b></p> <p>A. COVIN (Chair);</p> <p>M. BRIZEE (left the meeting at 12:30);</p> <p>Z. CHATZIMPEI;</p> <p>D. LE MASSON (left the meeting at 12:00);</p> <p>T. MILLION;</p> <p>T. MIRONCZUK;</p> <p>M. VERHEIJEN</p> <p>L. VLAMINCK</p> <p>J-L. SCHIRMANN (EMMI CEO, ex-officio member, non-voting member)</p> <p><b>The European Money Markets Institute:</b></p> <p>J-L. SCHIRMANN (CEO)</p> <p>J. FELDKAMP (Head of Operations)</p> <p>C. CUSTINNE (Senior Benchmarks Officer)</p> <p>J. CSÖRGEI (Benchmark Officer Operations and Markets)</p> <p>C. BERGAMASCHI (Benchmarks Officer)</p> <p>A. DE LISIO (Head of Corporate Governance, Risk &amp; Compliance)</p> <p>A. GUZZARDI (Benchmark Officer Operations and Markets)</p> <p>A. FANEA (Senior Compliance Officer)</p> <p><b>Guest:</b></p> <p>L. KOVACS (Member of the EMMI Board of Directors; observer)</p>
<b>Excused</b>	J. CUEVAS;
<b>Quorum</b>	8 voting members

## Agenda item

<p><b>Welcome</b></p>	<p>The Chair Mr A. COVIN welcomed the Members to the 85th Oversight Committee meeting. The meeting was held by conference call due to the COVID-19 situation.</p> <p>The Chair also welcomed Mr Kovacs, Member of EMMI's Board of Directors as observer for this meeting.</p> <p>Mr Kovacs thanked the Members of the Oversight Committee for their precise work and highlighted the importance to review constantly the Panel Bank Compliance program (item 7 of the agenda).</p>
<p><b>Item 1</b> <b>Conflicts of interest</b></p>	<p><b>Discussion points:</b></p> <p>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.</p>
<p><b>Item 2</b> <b>Minutes of the previous meeting &amp; Action log</b></p>	<p><b>Discussion points:</b></p> <p>The Members reviewed the minutes of the previous meeting of the Oversight Committee that took place on the 16<sup>th</sup> of June 2021.</p> <p>One Member pointed out that there is a typo in the numbers of the items. Item 13 should be item 10.</p> <p>Members reviewed the action log and agreed on the list of actions.</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> <ul style="list-style-type: none"> <li>• To renumber item 13 with the correct number 10</li> <li>• To publish the minutes on the EMMI website.</li> </ul>
<p><b>Item 3</b> <b>Regulatory update</b></p>	<p><b>Discussion points:</b></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"> <li>• Regulatory updates for LIBOR transition</li> <li>• EMMI authorisation as administrator of EURIBOR in UK: EMMI takes advantage of the equivalent decision issued by the UK Treasury, users will continue to use EURIBOR in UK.</li> <li>• Supervisory Reporting framework: EMMI starts to coordinate with ESMA which will be the supervisor starting in January 2022.</li> <li>• Euro RFR Working Group: In July 2021, the chair has been appointed and a call of interest to join the group has been published.</li> </ul> <p>One Member asked for more details on the equivalence decision. Ms A. DE LISIO clarified that the UK legal framework on benchmarks is comparable to the European legal framework and ESMA will be the only supervisory authority to EMMI.</p>

	<p>One Member asked whether EMMI had been in contact with EIOPA with regards the public consultation on IBOR transition for insurance company issued in April 2021. Mr J-L. SCHIRMANN pointed out that this consultation is not in the remit of EMMI, ESMA is the direct supervisory authority.</p>
<p><b>Item 4</b> <b>2nd Annual Review of EURIBOR Methodology</b></p>	<p><b>Discussion points:</b></p> <p>Mr J. CSÖRGEI gave a presentation on the timing for the 2<sup>nd</sup> Annual Review of EURIBOR methodology. EMMI is collecting data from May to October 2021 and will analyse the data between December and January 2022.</p> <p>Mr J. CSÖRGEI showed possible scenarios planned to be tested. These scenarios are the result of an ongoing discussion between the Panel Banks and EMMI. Panel Banks contribute with ideas and proposal on the potential scenario.</p>
<p><b>Item 5</b> <b>Report on Panel Banks Level 3 Methodologies</b></p>	<p><b>Discussion points:</b></p> <p>Mr J. CSÖRGEI presented a report on quantitative analysis on Panel Banks Level 3 methodologies.</p> <p>Mr J. CSÖRGEI pointed out Level 3 requirements as stated in the Benchmark Determination methodology:</p> <ul style="list-style-type: none"> <li>• Level 3 methodologies reflect each Panel Bank's individual funding cost and depend on their business model, approach on liquidity management and positioning in the market.</li> <li>• The methodology gives priority to transactions in the underlying interest. Level 3 contributions may be based on transactions that are not eligible for Level 1</li> <li>• If no transactions in the underlying interest are available, data from other markets may be used</li> </ul> <p>Mr J. CSÖRGEI highlighted that there are no significant changes in Level 3 methodologies since last year. He pointed out that EMMI is constantly in contact with Panel Banks on their Level 3 contributions and they must notify EMMI in case there are any material changes in their methodology (as stated in the COPB). Mr J. CSÖRGEI informed on the changes in the new reason code system used by Panel Banks for Level 3. He pointed out that there are still some Panel Banks still in the process to implement it in their system.</p> <p><b>Action points:</b></p> <p>EMMI to represent the outcome of the new reason codes system for Level 3 at the Oversight Committee once all the Panel Banks implement the new reason codes system.</p>
<p><b>Item 6</b> <b>Panel Banks Compliance Program</b></p>	<p><b>Discussion points:</b></p> <p>Ms C. BERGAMASCHI informed Members on the updates on the Panel Banks Compliance Program. The Panel Banks Compliance Program is an internal EMMI document. It addresses the compliance by Panel Bank submitting input data contributions to the EURIBOR with the Code of Obligations of Panel Banks. The document identifies the interested parties: Panel Banks, Oversight Committee and EMMI. In addition, the Panel Banks Compliance Program lists several control tools:</p> <ul style="list-style-type: none"> <li>• Contribution process</li> <li>• PB external audit review</li> <li>• PB annual declaration to the COPB</li> <li>• Review of L3 methodologies</li> <li>• Contingency Plans</li> <li>• Open Compliance Communication Channel</li> </ul>

	<p>Mr J. FELDKAMP highlighted that the Oversight Committee should approve the Panel Banks Compliance Program, however the item was presented only ‘for information’ to the Members in this meeting.</p> <p>Members agreed to approve the Panel Banks Compliance Program through a written procedure, if appropriate.</p> <p><b>Action points:</b> EMMI to share with the Oversight Committee the Panel Banks Compliance Program (clean and track changes version) for Members’ approval.</p>
<p><b>Item 7</b> <b>EURIBOR Oversight Report</b></p>	<p><b>Discussion points:</b> Mr J. CSÖRGEI presented the EURIBOR Oversight Report for July 2021. In July 2021, EURIBOR was always published on time and according to the input data received. The report showed quantitative and qualitative indicators to monitor EURIBOR.</p>
<p><b>Item 8</b> <b>EONIA Oversight Report</b></p>	<p><b>Discussion points:</b> Mr J. CSÖRGEI presented the EONIA Oversight Report for July 2021. In July 2021, EONIA was always published on time. Mr J. CSÖRGEI noted that there were no incidents to report on EONIA.</p>
<p><b>Item 9</b> <b>EONIA discontinuation</b></p>	<p><b>Discussion points:</b> Mr J. FELDKAMP updated Members on the steps needed for EONIA discontinuation. The European Commission published a draft proposal on the proposed statutory replacement rate for EONIA. The proposed replacement rate is €STR. Mr J. FELDKAMP informed about two letters drafted by the Chair of Euro RFR Working Group to the European Commission. One letter contains several figures on contracts that still need to move from EONIA to €STR plus a fixed spread. Mr J. FELDKAMP highlighted that EMMI is continuing to inform all the stakeholders (e.g. end users) on the discontinuation of EONIA. EMMI will discuss with FSMA if there are any formal steps to implement for the discontinuation.</p>
<p><b>Item 10</b> <b>Money Market Report Q2</b></p>	<p><b>Discussion points:</b> Mr J. CSÖRGEI gave a presentation on the Money Market Report Q2.  During the second quarter of 2021, Euro money market rates, including EURIBOR rates and EONIA forward rates, continued to be driven by the ECB stimuli in answer to the continuous Covid-19 pandemic that heavily affected all human lives and activities, among which the money markets. . From a EURIBOR fixings perspective the observed period was very uneventful, as the fixings made sideways-movements in a small 2 bps wide channel in all tenors due to liquidity abundance on the Euro money market. The 1W, 1M, 3M and 6M tenors remained stably below the Deposit Facility Rate (-0.50%), signalling excess of liquidity over demand and very low short term money market activity. The 12M tenor stayed above -0.50% consistently during the second quarter. Furthermore, shorter tenors of EURIBOR as well as O/N rates (EONIA and €STR) remained robust and stable during the second quarter of 2021. Mr J. CSÖRGEI pointed out that the eyes of market participants are on the ECB and its future communication and expectations about Euro-area inflation and economic performance. Mr J. CSÖRGEI informed that in the US there have been higher than expected inflation rates.</p>

<b>Item 11</b> <b>Calculation Agent</b> <b>External Audit</b>	<b>Discussion points:</b> Ms A. FANEA presented the outcome of the external audit on the calculation agent. As for Art 10 BMR (outsourcing), an external audit should be performed on the calculation agent. The calculation agent for EURIBOR is GRSS.
<b>Item 12</b> <b>EMMI Conflict of</b> <b>Interest Policy</b> <b>and Procedure</b>	<b>Discussion points:</b> Ms A. DE LISIO informed Members on the updates on the EMMI Conflict of Interest Policy and Procedure. The updated document will be presented for approval to the Board of EMMI on the 22 <sup>nd</sup> of September.
<b>Item 13</b> <b>Composition of the</b> <b>Panel</b>	<b>Discussion Points:</b> It was confirmed that there were no changes to the composition of the EURIBOR Panel since the last meeting of the Oversight Committee.
<b>Item 14</b> <b>Any other business</b>	<b>Discussion points:</b> n/a