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Additional Information

Level 1 Regulation

Benchmarks Regulation (BMR) - Regulation 2016/1011

Topic

Benchmarks Regulation

Subject Matter

The contribution to the euro short-term rate (€STR) (ESMA70-145-114 Q&A_4.2)

Question

Is the euro short-term rate (€STR) based on contributions of input data as defined in Article 3(1)(8)?

ESMA Answer

11-07-2019

Original language

No, the €STR is not based on contributions of input data as defined in Article 3(1)(8).

The ECB is the administrator of €STR and has overall responsibility for providing the rate. €STR is exclusively based on borrowing transactions in euro conducted with financial counterparties that banks report to the ECB in accordance with Regulation (EU) No 1333/2014 concerning statistics on the money markets (MMSR Regulation https://www.ecb.europa.eu/ecb/legal/pdf/oj_jol_2014_359_r_0006_en_txt.pdf). In particular, €STR is based on daily confidential statistical information relating to (unsecured) money market transactions collected in accordance with the MMSR Regulation. Additional div on the methodology of €STR are available on the dedicated ECB document “The euro short-term rate (€STR) methodology and policies” (https://www.ecb.europa.eu/paym/initiatives/interest_rate_benchmarks/shared/pdf/ecb.ESTER_methodology_and_policies.en.pdf).

€STR is therefore not produced with “contribution of input data” as defined in Article 3(1)(8) of BMR. This is because the data is already available to the administrator of €STR (the ECB), and this data is provided to the ECB for regulatory purposes, in compliance with the MMSR Regulation. BMR Article 3(1)(8) requires input data to be provided for the purpose of determining the benchmark and this is not factually the case for €STR.

Against this background, banks providing data to the ECB in accordance with MMSR should not be considered supervised contributors under BMR because the BMR definition of “contribution of input data” is not met and therefore these banks are not required to apply Article 16 of BMR.