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PRESS RELEASE

ESMA-EBA: Euribor makes significant progress with reforms

The European Securities and Markets Authority (ESMA) and the European Banking Authority (EBA) have today published the [results](#) of their joint review of the Euribor-EBF. The review found that Euribor-EBF has made significant progress in implementing the ESMA-EBA Recommendations addressing weaknesses and shortcomings in its governance and technical framework. This progress provides the basis for improved transparency of the benchmark-setting process, enhanced governance of the benchmark, and improved quality of the resulting index.

Benchmark reforms must continue

The Authorities reviewed the progress made by Euribor-EBF in implementing the ESMA-EBA Recommendations of 11 January 2013 in the context of the on-going Euribor reform. The review found that Euribor-EBF has undertaken reform measures across all affected areas, with four Recommendations fully implemented and a further six Recommendations partially implemented. The EBA and ESMA look forward to seeing a quick conclusion by Euribor-EBF of its work on those Recommendations where full implementation is still pending.

Steven Maijoor, ESMA Chair, said:

“Euribor is a key global financial benchmark. The reforms undertaken by Euribor-EBF are a key prerequisite for ensuring confidence among rate submitters and final users of the benchmark. Beyond the immediate changes recommended by the EBA and ESMA, international cooperation on reforming interbank benchmarks is progressing. Euribor should be ready to respond to these advances.”

Andrea Enria, EBA Chair, said:

“Euribor-EBF is on the right path. Its progress in terms of governance and conduct reflects a strong commitment to ensuring the quality of its benchmarks. I remain confident that the Euribor-EBF will soon complete its work, building on the continued

support and commitment of panel banks.”

ESMA and the EBA firmly encourage Euribor-EBF to take into account the ongoing regulatory advances on benchmark reform, including the IOSCO Principles for Financial Benchmarks, the proposed EU legal framework for benchmarks, and the Financial Stability Board’s work on system reform. The two Authorities also believe that it should keep up with new industry standards and best practices.

Substantial reform progress

Following the ESMA-EBA Recommendations, Euribor-EBF has undertaken a number of steps aimed at addressing key areas. These include:

- The composition of the Steering Committee was changed to reduce the number of members affiliated with panel banks and increase the frequency of the Steering Committee meetings;
- Euribor-EBF discontinued its less frequently used tenors, reducing the overall number of tenors from 15 to 8;
- The Euribor-EBF Code of Conduct (Euribor CoC) was reinforced at administrator level and a Code of Obligations for Panel Banks (COPB), effective as of 1 October 2013, was created, setting minimum requirements for the submission process and control mechanisms;
- Improved internal procedures and controls were applied by the Calculation Agent (Euribor-EBF specified the rules governing its operations with regard to the calculation of Euribor including a Code of Conduct (CoC CA) for the agent’s operations);
- Post-fixing checks and back-testing analysis were implemented;
- Two distinct new Conflict of Interest policies (CoIP) were adopted covering potential conflicts at Euribor level and the Euribor-EBF level respectively; and
- Euribor-EBF committed to perform both internal and external audits on a regular basis and disclose results.

Further notable progress has been made on conflicts of interest policies at the level of the administrator and Calculation Agent, and on measures to ensure data consistency and quality.

Notes for editors

1. [2014-2017 Review of the Implementation of EBA-ESMA Recommendations to Euribor-EBF](#)
2. [Report on the administration and management of Euribor](#), 11 January 2013
3. ESMA is an independent EU Authority that was established on 1 January 2011 and works closely with the other European Supervisory Authorities responsible for banking (EBA), and insurance and occupational pensions (EIOPA), and the European Systemic Risk Board (ESRB).
4. ESMA's mission is to enhance the protection of investors and promote stable and well-functioning financial markets in the European Union (EU). As an independent institution, ESMA achieves this aim by building a single rule book for EU financial markets and ensuring its consistent application across the EU. ESMA contributes to the regulation of financial services firms with a pan-European reach, either through direct supervision or through the active co-ordination of national supervisory activity.
5. The EBA is an independent EU Authority established on 1 January 2011. As part of the European System of Financial Supervision, it works closely with the other European Supervisory Authorities responsible for market (ESMA), insurance and occupational pensions (EIOPA), and the European Systemic Risk Board (ESRB). The EBA has a broad remit in the areas of banking, payments and e-money regulation, as well as on issues related to corporate governance, auditing and financial reporting. Its tasks include preventing regulatory arbitrage, guaranteeing a level playing field (especially by building a single rule book for the European banking system) strengthening international supervisory coordination, promoting supervisory convergence and providing advice to EU institutions.

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