Brussels, 30 September 2019

<u>Statement of the European Credit Sector Associations (ECSAs)</u>

Benchmarks Regulation: The banking sector welcomes the recent statements by the European Commission and ESMA on the upcoming migration to the reformed EURIBOR methodology and the migration from EONIA to €STR

The European Association of Co-operative Banks (EACB), the European Banking Federation (EBF) and the European Savings and Retail Banking Group (ESBG) welcome some recent statements by Mr Valdis Dombrovskis (European Commission) in a communication to the ECSAs dated 03 September 2019 and in a speech by Mr Steven Maijoor (ESMA) which took place in Frankfurt during the 2nd Roundtable on euro risk-free rates, with respect to the current critical benchmarks reform.

In its communication, the European Commission considers that recent developments in the work of the euro risk-free rate working group and also the decision by Belgium's Financial Services and Markets Authority (FSMA) to grant to the European Money Markets Institute (EMMI) an authorisation to continue publishing the EURIBOR rate *"provide a clear indication that EURIBOR is now fully compliant with the applicable benchmark rules and that EURIBOR continues to reflect the underlying inter-bank market appropriately. The FSMA statements also provide assurances that EURIBOR can continue to serve as a valid reference rate for legacy contracts"*. In addition, the European Commission is looking forward to reaching a comparable outcome for EONIA, so that EONIA can continue as a reference rate until all contracts have switched to referencing €STR. In Mr Dombrovskis' opinion, the path envisaged by the euro risk-free rate working group for the transition to €STR is sound. The Commission will also continue to engage with all market participants to ensure a smooth transition to €STR.

In his speech, Mr Maijoor has the conviction that the authorisation of EURIBOR by the FSMA already confirms that the new hybrid methodology is robust, resilient and transparent and allows EU supervised entities to continue using EURIBOR for the foreseeable future. He stressed that the goal of the new provisions is to increase contractual robustness and he believes that '*the new hybrid methodology measures the same underlying interest of the previous methodology of EURIBOR, just in a better, BMR-compliant way'.*

Both statements are helpful to the respective members of the associations in understanding how to prepare for the forthcoming migrations from EURIBOR to EURIBOR with the hybrid methodology, and the calculation of EONIA based on €STR+8.5bp spread until the full transition from EONIA to €STR.