

Working Group on euro risk-free rates

Newsletter April 2020



This newsletter provides an update on the work of the working group on euro risk-free rates (hereafter the working group or WG), and also refers to developments in international markets. If you have questions about the content or would like to subscribe, please contact CommunicationsEuroRFR@ecb.europa.eu. Feel free to share this newsletter with others!

**The working group on euro risk free rates would like to wish everyone all the best in dealing with the ongoing challenges linked to the COVID-19 crisis.
Stay healthy!**

Recent developments

- **21 April:** The working group **discussed** in a teleconference the impact of COVID-19 on its planning.
- **17 April 2020:** LCH, Eurex and the European Association of CCP Clearing Houses (EACH) (**statement**), announced a 5 week delay (namely until **27 July 2020**) for the move from EONIA to €STR discounting for cleared trades due to concerns over operational risks created by COVID-19.
- **11 April 2020:** The International Accounting Standard Board (IASB) published a so-called **Exposure Draft** on Interest Rate Benchmark Reform Phase 2. It contains proposed amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. Market participants are consulted on these proposals until 25 May 2020.
- **9 April 2020:** The European Securities and Markets Authority (ESMA) issued a **Public Statement** to promote coordinated action by National Competent Authorities (NCAs) regarding the timeliness of fulfilling external audit requirements for interest rate benchmark administrators and contributors to interest rate

Non-euro working groups status

- **25 March 2020:** The Bank of England (BoE), FCA and WG on Sterling Risk-Free Rates published a **statement** confirming that firms cannot rely on LIBOR being published after the end of 2021 has not changed and should remain the target date for all firms to meet, . despite the COVID-19 pandemic. They recognised that some of the interim transition milestones might be affected for segments of the UK market that are still very reliant on LIBOR. They will continue to monitor and assess the impact on transition timelines, and will update the market as soon as possible.
- **17 April 2020:** The Alternative Reference Rates Committee (ARRC) announced its **key objectives for 2020**. ARRC objectives have been developed with the potential impacts of COVID-19 in mind, while also noting the FCA's statement (see above).
- **16 April 2020:** Raiffeisen **launched** its first SARON based retail mortgages and business loans.
- **15 April 2020:** ISDA **announced** preliminary results of its consultation on the implementation of pre-cessation fallbacks for derivatives referencing LIBOR.
- **9 April 2020:** The **Pfandbriefbank**

benchmarks.

- **8 April 2020:** LCH [published](#) their monthly swap clearing data for March showing a decline in cleared volumes and outstanding amounts for OIS contracts referenced to €STR.

priced the first CHF Fixed Rate Bond referencing the SARON swap curve.



- **18 March 2020:** The European Commission published a plan for the [review of the EU Benchmark Regulation](#). The objective of the review is to “equip competent authorities with supervisory powers to ensure the orderly cessation of a critical benchmark, including the power to mandate the continued provision of a critical benchmark using a different methodology or the provision replacement rate”.
- **March 2020:** The Deutsche Bundesbank published an article on benchmark reform in its [monthly report](#).

The working group on euro risk-free rates was established in February 2018 to identify and recommend risk-free rates that could serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area, such as the euro overnight index average (EONIA) and the euro interbank offered rate (EURIBOR).