

# Private sector working group issues recommendations on the transition from EONIA to €STR for cash and derivatives products



PRESS RELEASE

19 August 2019

- Transition from EONIA to €STR has impact on broad variety of financial products and processes
- Market participants urged to actively prepare for change in publication time of EONIA effective as of 2 October 2019
- CCPs encouraged to switch their discounting regime from EONIA to €STR towards end of second quarter of 2020

The private sector working group on euro risk-free rates has today published a [report](#) containing a set of recommendations addressing the impact of the transition from the euro overnight index average (EONIA) to the euro short-term rate (€STR). The recommendations take an operational and valuation perspective, taking into account EONIA's wide use as a reference rate and as a collateral remuneration and cash flow discounting rate. The report analyses the various financial products and processes affected by the transition, covering secured (e.g. repos) and unsecured (e.g. current accounts) cash products, securities, investment funds, derivatives and models referencing EONIA. The report urges market participants to prepare for: (i) the change in EONIA's publication time from day T at 19:00 CET to the next business day T+1 at 9:15 CET that will follow the change in EONIA's methodology as of 2 October 2019 (representing transactions executed on 1 October 2019); and (ii)

the discontinuation of EONIA on 3 January 2022.

Regarding the change in EONIA's publication time, the working group encourages market participants, among other things, to:

- screen their inventory of affected transactions and system environments to assess the modifications needed to cope with the change in EONIA's publication time and prepare relevant teams for enhanced oversight during the cutover period;
- design a communication strategy geared towards internal and external stakeholders (clients in particular) to ensure awareness of impending changes;
- consider adjusting the default settlement time (i.e. the lag between the last fixing date and the settlement date) in certain cases.

Regarding the transition period until EONIA is discontinued on 3 January 2022, the working group recommends, among other things, that:

- market participants actively transition floating rate options (FROs)<sup>[1]</sup> referencing EONIA to €STR FROs before the end of 2021;
- central counterparty clearing houses (CCPs) align their discounting switch dates as much as possible to transition from an EONIA discounting regime to a €STR discounting regime, and set the discounting switch date as early as possible, preferably towards the end of the second quarter of 2020;
- market participants introduce all necessary modifications in order to be able to issue, buy, trade and manage new securities indexed to the €STR and avoid issuing new securities indexed to EONIA with maturities going beyond the transition period.

Please refer to the full report for the detailed set of recommendations, as well as the underlying analyses. The working group's recommendations are not legally binding; however, they provide guidance to market participants which are preparing for the transition from EONIA to the €STR.

The report was prepared following the working group's recommendation of 14 March 2019 that market participants gradually replace EONIA with the €STR as a reference rate for all products and contracts and make all necessary adjustments for using the €STR as their standard benchmark, as well as the announcement by EONIA's administrator, the European Money Markets Institute, that it would modify the current EONIA methodology to become the €STR plus a fixed spread of 8.5 basis points from the first publication date of the €STR, i.e. 2 October 2019, until the discontinuation of EONIA on 3 January 2022. On 16 July 2019, the working group also recommended a legal action plan for the transition from EONIA to the €STR, including recommendations on how to address the legal implications for new and legacy contracts that reference EONIA.

**For media queries, please contact [William Lelieveldt](#), tel.: +49 69 1344 7316.**

**Notes:**

The working group on euro risk-free rates, for which the European Central Bank (ECB) provides the secretariat, is an industry-led group established in 2018 by the ECB, the Financial Services and Markets Authority, the European Securities and Markets Authority and the European Commission. Its main tasks are to identify and recommend alternative risk-free rates and transition paths. On 13 September 2018 the working group recommended the €STR as the new euro risk-free rate. The €STR reflects the wholesale euro unsecured overnight borrowing costs of euro area banks and will be produced by the ECB as of 2 October 2019.

[Media contacts](#)

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## **Daily News 16 / 08 / 2019**

### **World Wildlife Conference: EU pushes for better protection of the world's most threatened species**

The EU will join other parties at the 18th Conference of the Parties (CoP18) to the [UN Convention on Trade in Endangered Species](#) (CITES), starting in Geneva, Switzerland, this weekend to take additional measures to protect the world's most threatened species against over-exploitation through international trade. CITES is a global treaty that seeks to make international trade in wildlife sustainable and to counter illegal trade. The EU will push for more effective implementation of existing rules, including through a proposed Resolution on measures for ensuring the legality of trade under the Convention. In line with its priorities under the [EU Action Plan against Wildlife Trafficking](#), at CoP18 the EU will promote better enforcement of the Convention's provisions by all Parties, in particular by those countries that repeatedly fail to implement their obligations and which may need additional support to avoid trade sanctions as a matter of last resort. This is an absolute must to address illegal poaching and trafficking affecting elephants, rhinoceroses, tigers, pangolins and rosewood. The adoption of a new 'Strategic Vision' for CITES for the years 2021 to 2030 will provide an opportunity to consolidate and clarify the role of CITES in the broader context of international environmental governance. This also includes the post-2020 biodiversity framework that is being developed in parallel under the [Convention on Biological Diversity](#). *(For more information: Enrico Brivio – Tel.: +32 229 56172; Stephan Meder – Tel.: +32 229 13917)*

### **Concentrations: La Commission autorise l'acquisition du contrôle conjoint de Desarrollo Eólico Las Majas XIX par Mirova-Eurofideme 3 et General Electric**

La Commission européenne a approuvé, en vertu du règlement européen sur les concentrations, l'acquisition du contrôle en commun de Desarrollo Eólico Las Majas XIX, société basée en Espagne, par Mirova-Eurofideme 3, basée en France, et General Electric, basée aux Etats-Unis. Desarrollo Eólico Las Majas

XIX est une société holding qui sera propriétaire de trois projets de parcs éoliens en Aragon, Espagne. Mirova, qui fait office de société de gestion de Mirova-Eurofideme 3, basée en France et appartenant en dernier ressort à Banque Populaire Caisse d'épargne, est un fonds de capital-risque français. General Electric est une entreprise mondiale de production, de technologies et de services. La Commission a conclu que la concentration envisagée ne soulèverait pas de problème de concurrence en raison des chevauchements horizontaux et verticaux limités entre les sociétés. La transaction a été examinée en vertu de la procédure simplifiée de contrôle des concentrations. De plus amples informations sont disponibles sur le site internet [concurrence](#) de la Commission, dans le [registre public](#) des affaires sous le numéro d'affaire [M.9397](#). (For more information: Vanessa Mock – Tél.: +32 229 56153 and Giulia Astuti +32 229 55344)

### **Eurostat: Excédent de 20,6 milliards d'euros du commerce international de biens de la zone euro**

Selon les premières estimations, les exportations de biens de la zone euro (ZE19) vers le reste du monde se sont établies à 189,9 milliards d'euros en juin 2019, en baisse de 4,7% par rapport à juin 2018 (199,3 mrds). Les importations depuis le reste du monde ont quant à elles été de 169,3 mrds d'euros, en baisse de 4,1% par rapport à juin 2018 (176,6 mrds). En conséquence, la zone euro a enregistré en juin 2019 un excédent de 20,6 mrds d'euros de son commerce international de biens avec le reste du monde, contre +22,6 mrds d'euros en juin 2018. Le commerce intra-zone euro s'est établi à 160,5 mrds d'euros en juin 2019, en baisse de 6,6% par rapport à juin 2018. Un communiqué de presse est disponible [ici](#). (Pour plus d'informations : Enrico Brivio – Tél.: +32 229 56172; Kinga Malinowska – Tél.: +32 229 51383)

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## **June 2019 – Euro area international trade in goods surplus €20.6 bn – €6.1 bn surplus for EU28**

The first estimate for **euro area** (EA19) exports of goods to the rest of the world in June 2019 was €189.9 billion, a decrease of 4.7% compared with June 2018 (€199.3 bn). Imports from the rest of the world stood at €169.3 bn, a fall of 4.1% compared with June 2018 (€176.6 bn). As a result, the **euro area** recorded a €20.6 bn surplus in trade in goods with the rest of the world in June 2019, compared with +€22.6 bn in June 2018. **Intra-euro** area trade fell to €160.5 bn in June 2019, down by 6.6% compared with June 2018.

[Full text available on EUROSTAT website](#)

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# ECB shuts down compromised BIRD website



PRESS RELEASE

15 August 2019

- ECB's BIRD website hacked by unauthorised parties
- Email addresses and other contact data may have been captured
- No internal systems or market-sensitive data compromised
- BIRD website shut down until further notice

The European Central Bank (ECB) said on Thursday that unauthorised parties had breached the security measures protecting its Banks' Integrated Reporting Dictionary (BIRD) website, which is hosted by an external provider. As a result, it was possible that the contact data (but not the passwords) of 481 subscribers to the BIRD newsletter may have been captured. The affected information consists of the email addresses, names and position titles of the subscribers. The ECB is contacting people whose data may have been affected. The breach succeeded in injecting malware onto the external server to aid phishing activities. The external BIRD website has been closed down until further notice. Neither ECB internal systems nor market-sensitive data were affected.

The BIRD website provides the banking industry with details on how to produce statistical and supervisory reports. It is physically separate from any other external and internal ECB systems.

The breach came to light during regular maintenance work.

The ECB takes data security extremely seriously. We have informed the European Data Protection Supervisor about the breach. The ECB is taking the necessary steps to ensure that the website can safely resume operations.

For media queries, please contact [Stefan Ruhkamp](#), tel.: +49 69 1344 5057.

[Media contacts](#)

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## **Daily News 14 / 08 / 2019**

### **European Commission steps up support to counter-terrorism, the prevention of violent extremism and peacebuilding in Sri Lanka**

The European Commission, through its [Instrument contributing to Stability and Peace](#), has allocated €8.5 million to support Sri Lankan efforts to prevent violent extremism, build community resilience, and promote peace and tolerance. It will also contribute to the ongoing peacebuilding process through internally displaced persons and refugees being able to return to their land. This allocation after High Representative/Vice-President Federica **Mogherini**'s meeting earlier this month with the Foreign Minister of Sri Lanka, where [she underlined the EU's readiness to support Sri Lanka in the face of the challenges of terrorism and violent extremism](#). The [Easter Sunday terrorist attacks in Sri Lanka](#) killed 258 people and injured many more. Preventing and responding to terrorist attacks like this is an additional challenge for Sri Lanka along with numerous other challenges in transitioning to durable peace after many years of conflict, such as refugees, internally displaced persons, and land identified as potentially contaminated with mines and explosive remnants. The €8.5 million Commission support will follow a three-pronged approach: It will support Sri Lankan policy makers, competent authorities and the security and judicial branches in their mission to prevent and respond to terrorist threats and attacks in a human rights compliant manner; it will focus on the prevention of violent extremism and will support relevant local stakeholders to develop and disseminate positive awareness raising campaigns, notably via partnerships with global social media actors; and it will contribute to the last stages of mine clearance in the three northern districts of Sri Lanka, and focus on peacebuilding to reinforce national cohesion and reconciliation. For more information on EU-Sri Lanka relations, visit the [website of the European Union Delegation](#). (For more information: Maja Kocijančič – Tel.: +32 229 86570; Adam Kaznowski – Tel.: +32 229 89359)

### **rescEU assets mobilised to help Greece fight devastating forest fires**

Following yesterday's request for assistance from Greece, [rescEU](#) assets have been mobilised to tackle forest fires ravaging several areas of Greece. As an immediate response, the European Union has already helped to mobilise 3

forest fighting planes from rescEU reserve from Italy and Spain to be dispatched swiftly to the affected regions. Commissioner for Humanitarian Aid and Crisis Management, Christos **Stylianides**, said: *"The EU stands in full solidarity with Greece at this difficult time. The planes are already in action, fighting the fires. This immediate response proves the added value of rescEU which makes our response more robust, quick and efficient. Moreover, this is a real example of the common European values on which rescEU is based: solidarity and protection of lives of our European citizens. I am thankful to Italy and Spain for their offers of assistance. We stand ready to provide further assistance."* Today, the Commissioner is in Athens where he met with Prime Minister Kyriakos Mitsotakis and visited the Crisis Centre of the Greek Civil Protection to be briefed along with the Minister for the Protection of Citizens Michalis Chrysochoidis and oversee the operation of the rescEU assets. The [European satellite mapping system Copernicus](#) is helping to provide damage assessment maps of the affected areas. Read the full press release [here](#). (For more information: Carlos Martin Ruiz De Gordejuela – Tel.: +32 229 65322; Christina Wunder – Tel.: +32 229 92256)

### **EU co-funded Sarajevo Film Festival puts Western Balkans on the big screen**

On 16 August, the 25th edition of the Sarajevo Film Festival, co-funded by the EU, will kick off in Sarajevo, Bosnia and Herzegovina, bringing together over 100,000 spectators and filmmakers to celebrate regional, European and international cinema at the biggest film festival of the region. The European Union supports the thriving film scene of the Western Balkans through its [Creative Europe MEDIA programme](#). So far, the programme mobilised €4.2 million for the production and distribution of films from Europe in the Western Balkans and vice-versa. Of over 30 film projects that have been realised with Creative Europe MEDIA, some have gone to win internationally acclaimed awards and prizes and reach audiences across the world. EU support to culture aims to promote artistic quality, cultural diversity and exchange, but also recognises the positive impact of culture on economic growth and job creation. As most films today are co-produced between different countries, the film industry also helps deepen regional and European cooperation. This week's Sarajevo film festival will again be a powerful demonstration of how arts and culture can promote dialogue and tolerance. Read the full article [here](#). (For more information: Maja Kocijančič – Tel.: +32 229 86570; Alceo Smerilli – Tel.: +32 229 64887)

### **Commission continues to support pilot scheme giving artists opportunities to work across the EU**

Today, [i-Portunus](#) is launching its third and final call for applications this year. [i-Portunus](#) is a pilot project funded by the European Commission providing financial support for artists to work in another country for a period of 15 to 85 days. The first and second calls together received more than 2300 applications from individual artists and cultural professionals. A total of 253 people were selected and funded so far. The third [i-Portunus](#) call is the last chance this year for those in the performing and visual arts to apply. Following its investment of €1 million this year, the Commission will invest another €1.5 million in similar trials next year. The aim is to prepare for 2021 when the mobility of artists is proposed to be a



permanent action under the new [Creative Europe programme](#). Commissioner for Education, Culture, Youth and Sport, Tibor **Navracsics**, said: *“Creating opportunities for more artists to work abroad and create new projects and partnerships is an important part of our work to boost innovation in our cultural and creative sectors and to make them even more competitive. I am pleased that our pilot to test new formats to support the mobility of European artists is in high demand and welcomed by so many. This means that we are making progress towards a key objective included in our new European Agenda for Culture: to support an ‘Erasmus’ scheme for artists.”* The third [i-Portunus](#) call will be open until 5 September 14:00 CET. (For more information: Christian Wigand – Tel.: +32 229 62253; Joseph Waldstein – Tel.: +32 229 56184)

### **Mergers: Commission clears the acquisition of sole control of AmTrust by Centerbridge**

The European Commission has approved, under the EU Merger Regulation, the proposed acquisition of AmTrust Corporate Member Limited and certain other business assets (“AmTrust”) of the UK by Centerbridge Partners L.P. of the U.S. AmTrust provides a range of non-life insurance and reinsurance services in the European Economic Area. Centerbridge is an investment management firm focused on private equity and distressed investment opportunities. Amongst other businesses, Centerbridge solely controls Canopus AG, which provides non-life insurance and reinsurance services. The Commission concluded that the proposed transaction would raise no competition concerns given the companies’ modest combined market shares in reinsurance and non-life insurance (including in the sub-segments where the companies’ activities overlap, i.e. credit and suretyship, property, liability, accident and sickness, motor, and marine, aviation and transport) and the presence of a number of competitors in these markets. The transaction was examined under the normal merger review procedure. More information is available on the Commission’s [competition](#) website, in the public [case register](#) under the case number [M.9398](#). (For more information: Vanessa Mock – Tel.: +32 229 56153 and Giulia Astuti +32 229 55344)

### **Eurostat: Le PIB et l’emploi en hausse de 0,2% dans la zone euro**

Au cours du deuxième trimestre 2019, le PIB corrigé des variations saisonnières a augmenté de 0,2% tant dans la zone euro (ZE19) que dans l’UE28 par rapport au trimestre précédent, selon l’estimation rapide publiée par Eurostat, l’office statistique de l’Union européenne. Au cours du premier trimestre 2019, le PIB avait augmenté de 0,4% dans la zone euro et de 0,5% dans l’UE28. En comparaison avec le même trimestre de l’année précédente, le PIB corrigé des variations saisonnières a enregistré une hausse de 1,1% dans la zone euro et de 1,3% dans l’UE28 au deuxième trimestre 2019, après respectivement +1,2% et +1,6% au trimestre précédent. En ce qui concerne l’emploi dans la zone euro et dans l’UE28, le nombre de personnes ayant un emploi a augmenté de 0,2% dans la zone euro ainsi que dans l’UE28 au deuxième trimestre 2019 par rapport au trimestre précédent. Au cours du premier trimestre 2019, l’emploi avait augmenté de 0,4% tant dans la zone euro que dans l’UE28. Par rapport au même trimestre de l’année précédente, l’emploi a augmenté de 1,1% dans la zone euro et de 1,0% dans l’UE28 au deuxième



trimestre 2019, après respectivement +1,3% et +1,2% au premier trimestre 2019. Un communiqué de presse est disponible [ici](#). (Pour plus d'informations : Vanessa Mock – Tél.: +32 229 56153; Christian Wigand – Tél.: +32 229 62253; Enda McNamara – Tél.: +32 229 64976; Annikky Lamp – Tél.: +32 229 56151 ; Sara Soumillion – Tél.: + 32 229 67094)

### **Eurostat: La production industrielle en baisse de 1,6% dans la zone euro**

En juin 2019 par rapport à mai 2019, la production industrielle corrigée des variations saisonnières a diminué de 1,6% dans la zone euro (ZE19) et de 1,5% dans l'UE28, selon les estimations d'Eurostat, l'office statistique de l'Union européenne. En mai 2019, la production industrielle avait augmenté de 0,8% dans la zone euro et de 0,9% dans l'UE28. En juin 2019 par rapport à juin 2018, la production industrielle a diminué de 2,6% dans la zone euro et de 1,9% dans l'UE28. Un communiqué de presse est disponible [ici](#). (Pour plus d'informations : Vanessa Mock – Tél.: +32 229 56182; Sophie Dupin de Saint-Cyr – Tél.: +32 229 56169)

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