

ECB Money Market Contact Group

24th March 2020

Development of the €STR benchmark

Main developments related to the benchmark rate transition, mayor upcoming events and possible impact

Development of the €STR benchmark

AGENDA:

- **Fixing trend**
- **Swap market**
- **CCP**
- **Primary Market**
- **Working Group on RFR - Ambassadors**

€STR – Fixing trend

Key points of the first

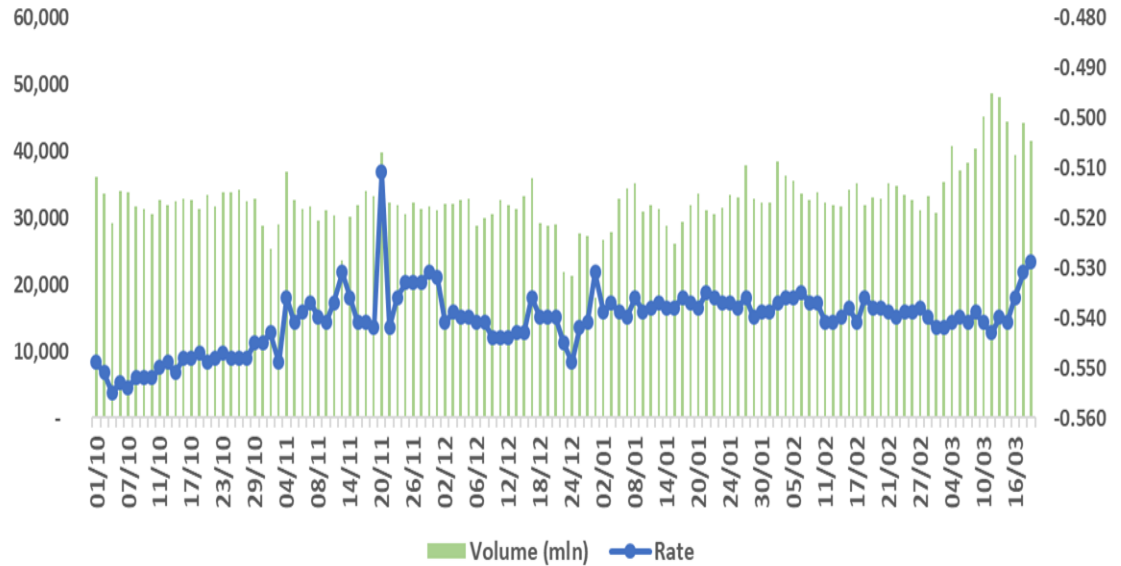
6 month of €STR fixing:

- Robust methodology
- Low volatility (update 18^o march)

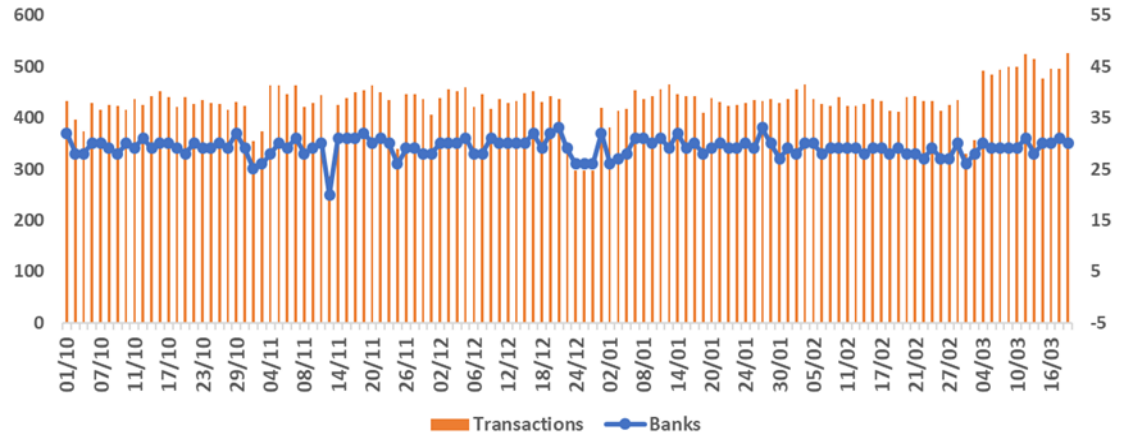
€STR					
Date	Rate	Volume (mln)	Banks	Transactions	%Share (volume of 5 largest banks)
Oct-19	-0.549	32,113	29	422	53
Nov-19	-0.536	31,638	29	427	56
Dec-19	-0.541	29,303	30	412	53
Jan-20	-0.538	31,549	29	432	56
Feb-20	-0.538	33,599	29	432	57
Mar-20	-0.539	40,996	29	476	58

- Reaction to monetary policy (e.g tiering) and market events (e.g year end)
- Significant rising volumes in March – **WHY?**
 - Additional liquidity needs for some banks due to COVID 19 emergency?
 - Different behaviour of MM Funds and switch from investments to liquidity during COVID 19 emergency?
 - Arbitrage EUR-USD or secured-unsecured?

Rate and Volume



Transactions and Banks



€STR – Swap market / Multilateral Trading Facilities

Key points of the €STR SWAP Market on MTF:

- Increasing market liquidity
- Multilateral trading facilities show prices also on very long maturities
- Bid-ask spread in line with Eonia Market
- Reaction to monetary policy expectations and market events

BBTI
** TICKETS LAUNCH INTO BMTF **

Interest Rate Swaps | Tools | Settings | IRS Trading Portal

Venue: BMTF | Currency: EUR

Outright | Curves | Butterflies | Rolls | Basis | Cross-asset

6M | MAC v 6M | 3M | 12M | 1M | OIS | ECB OIS | IMM v 6M | 3M | **ESTR** | 21

Tenor	Bid	Ask	Change	Tenor	Bid	Ask	Change
30) 1 Week	-0.563	-0.552	+0.000	49) 3 Year	-0.751	-0.741	
31) 2 Week	-0.604	-0.594	-0.010	50) 4 Year	-0.721	-0.715	
32) 3 Week	-0.618	-0.608	-0.010	51) 5 Year	-0.684	-0.681	
33) 1 Month	-0.627	-0.617	-0.009	52) 6 Year	-0.661	-0.658	
34) 2 Month	-0.638	-0.628	-0.011	53) 7 Year	-0.634	-0.630	
35) 3 Month	-0.652	-0.642	-0.012	54) 8 Year	-0.604	-0.600	
36) 4 Month	-0.667	-0.657	-0.012	55) 9 Year	-0.572	-0.568	
37) 5 Month	-0.678	-0.668	-0.013	56) 10 Year	-0.535	-0.531	
38) 6 Month	-0.685	-0.675	-0.012	57) 11 Year	-0.502	-0.486	
39) 7 Month	-0.696	-0.685	-0.014	58) 12 Year	-0.465	-0.461	
40) 8 Month	-0.705	-0.695	-0.017	59) 13 Year	-0.435	-0.420	
41) 9 Month	-0.712	-0.702	-0.018	60) 14 Year	-0.408	-0.388	
42) 10 Month	-0.719	-0.709	-0.018	61) 15 Year	-0.377	-0.371	
43) 11 Month	-0.725	-0.715	-0.020	62) 16 Year	-0.361	-0.341	
44) 1 Year	-0.729	-0.719	-0.020	63) 17 Year	-0.345	-0.321	
45) 15 Month	-0.742	-0.732	-0.024	64) 18 Year	-0.330	-0.308	
46) 18 Month	-0.748	-0.738	-0.023	65) 19 Year	-0.318	-0.296	+0.069
47) 21 Month	-0.752	-0.742	-0.023	66) 20 Year	-0.303	-0.298	+0.066
48) 2 Year	-0.754	-0.744	-0.022	67) 25 Year	-0.296	-0.289	+0.063
				68) 30 Year	-0.325	-0.318	+0.064
				69) 35 Year	-0.361	-0.331	+0.063

01:30 PM

Australia 61 2 9777 8600 Brazil 5511 2385 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 4585 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright © 2020 Bloomberg Finance L.P.
SN 601659 CET GMT+00:00 2020-10-14 13:30:35

BBTI
** TICKETS LAUNCH INTO BMTF **

Interest Rate Swaps | Tools | Settings

Venue: BMTF | Currency: EUR

Outright | Curves | Butterflies | Rolls | Basis

6M | MAC v 6M | 3M | 12M | 1M | OIS | ECB

ECB ESTR

Tenor	Bid	Ask	Change
30) ESTR Fwd 1st ECB	-0.644	-0.624	+0.033
31) ESTR Fwd 2nd ECB	-0.698	-0.648	+0.027
32) ESTR Fwd 3rd ECB	-0.735	-0.685	+0.042
33) ESTR Fwd 4th ECB	-0.752	-0.702	+0.040
34) ESTR Fwd 5th ECB	-0.768	-0.748	+0.040
35) ESTR Fwd 6th ECB	-0.790	-0.770	+0.035

Source Bloomberg Multilateral Trading Facility

Tradeweb Swaps

ESTR OIS

6M | 3M | Curve | Butterfly | MAC | IMM

Short Eonia | Long Eonia | FWD Eonia | **ESTR** | OIS ECB | ESTR ECB

Term	Dir Pay	Dir Rcv	Mid	Day Chg
1W	-0.574	-0.544	-0.5590	-0.2
1M	-0.632	-0.614	-0.6230	+0.9
3M	-0.656	-0.642	-0.6490	+1.4
6M	-0.689	-0.675	-0.6820	+2.5
1Y	-0.734	-0.720	-0.7270	+3.1
2Y	-0.767	-0.737	-0.7520	+3.6
3Y	-0.763	-0.735	-0.7490	+4.0
5Y	-0.712	-0.684	-0.6980	+5.5
7Y	-0.655	-0.627	-0.6410	+6.1
10Y	-0.559	-0.529	-0.5440	+5.9
15Y	-0.426	-0.396	-0.4110	+3.8
30Y	-0.440	-0.405	-0.4225	-3.5
50Y	-0.565	-0.550	-0.5575	-4.8

Source Tradeweb Multilateral Trading Facility

€STR – Swap market/ Brokers

Key points of the €STR SWAP Market via Brokers:

- Main Short Term interest Rates Broker have completed the set up of pages published on info provider pages.
- Prices for term structure, forward €STR, ECB and IM dates are always available.
- Prices are still published spreading the new pages replicating the Eonia Market prices.

17:59 10MAR20 ICAP		UK69580		ICAPESTR1	
Contact Reuters EXEU	EURO FRAs / ESTR	+44 (0)20 7532 3530			
ESTR	Fwd ESTR	ECB Dates	ESTR v	3m E'bor A/360	
1w -0.509/-0.609	1X2 -0.625/-0.675	MAR -0.6170/-0.6670	1Yr	+022.2/+017.2	
2w -0.551/-0.651	2X3 -0.654/-0.704	MAY -0.6520/-0.7020	18M	+022.6/+017.6	
3w -0.564/-0.664	1x4 -0.653/-0.703	JUN -0.6790/-0.7290	2Yr	+022.9/+017.9	
1m -0.599/-0.649	2x5 -0.673/-0.723	JUL -0.6930/-0.7430	3Yr	+023.8/+018.8	
2m -0.611/-0.661	3x6 -0.687/-0.737	SEP -0.7380/-0.7880	4Yr	+024.6/+019.6	
3m -0.625/-0.675	6x12 -0.746/-0.796	NOV -0.7500/-0.8000	5Yr	+024.9/+019.9	
4m -0.638/-0.688		DEC -0.7530/-0.8030	6Yr	+025.2/+020.2	
5m -0.648/-0.698	IMM Fra/ESTR	JAN -0.7520/-0.8020	7Yr	+025.4/+020.4	
6m -0.656/-0.706		MAR -0.7540/-0.8040	8Yr	+025.6/+020.6	
7m -0.666/-0.716	MAR 19.300/14.300		9Yr	+025.8/+020.8	
8m -0.675/-0.725	JUN 22.800/17.800		10Y	+026.0/+021.0	
9m -0.683/-0.733	SEP 23.100/18.100		11Y	+026.2/+021.2	
10m -0.690/-0.740	DEC 23.300/18.300		12Y	+026.3/+021.3	
11m -0.694/-0.744			15Y	+026.5/+021.5	
12m -0.698/-0.748			20Y	+026.4/+021.4	
Two Payments			25Y	+026.0/+021.0	
15m -0.711/-0.761			30Y	+025.8/+020.8	
18m -0.717/-0.767			40Y	+025.1/+020.1	
21m -0.719/-0.769			50Y	+024.5/+019.5	
2y -0.721/-0.771			60Y	+024.0/+019.0	
3y -0.719/-0.769					
ICAP Global Index <ICAP>					

Currency		Instrument		Additional Information			
EUR		DIS		ESTR			
BID		ASK		SOURCE	LOC	DATE	TIME
SW	-0.579	-0.559		TULLETT	PRES	LON	10MAR20 16:42
2W	-0.601	-0.581		TULLETT	PRES	LON	10MAR20 16:42
3W	-0.637	-0.617		TULLETT	PRES	LON	10MAR20 16:57
1M	-0.644	-0.624		TULLETT	PRES	LON	10MAR20 18:13
2M	-0.645	-0.625		TULLETT	PRES	LON	10MAR20 19:13
3M	-0.654	-0.634		TULLETT	PRES	LON	10MAR20 19:30
4M	-0.666	-0.646		TULLETT	PRES	LON	10MAR20 19:30
5M	-0.676	-0.656		TULLETT	PRES	LON	10MAR20 19:30
6M	-0.683	-0.663		TULLETT	PRES	LON	10MAR20 19:13
7M	-0.692	-0.672		TULLETT	PRES	LON	10MAR20 19:30
8M	-0.701	-0.681		TULLETT	PRES	LON	10MAR20 19:30
9M	-0.709	-0.689		TULLETT	PRES	LON	10MAR20 19:30
10M	-0.716	-0.696		TULLETT	PRES	LON	10MAR20 19:30
11M	-0.722	-0.702		TULLETT	PRES	LON	10MAR20 19:30
1Y	-0.741	-0.691		TULLETT	PRES	LON	10MAR20 19:30

Currency		Instrument		Additional Information			
EUR		DIS		ESTR			
BID		ASK		SOURCE	LOC	DATE	TIME
10Y	-0.560	-0.530		BGC Partners	LON	10MAR20	18:00
11Y	-0.530	-0.500		BGC Partners	LON	10MAR20	18:00
12Y	-0.502	-0.472		BGC Partners	LON	10MAR20	18:00
13Y	-0.476	-0.446		BGC Partners	LON	10MAR20	18:00
14Y	-0.453	-0.423		BGC Partners	LON	10MAR20	18:00
15Y	-0.434	-0.404		BGC Partners	LON	10MAR20	18:00
16Y	-0.419	-0.389		BGC Partners	LON	10MAR20	18:00
17Y	-0.409	-0.379		BGC Partners	LON	10MAR20	18:00
18Y	-0.401	-0.371		BGC Partners	LON	10MAR20	18:00
19Y	-0.396	-0.366		BGC Partners	LON	10MAR20	18:00
20Y	-0.394	-0.364		BGC Partners	LON	10MAR20	18:00

Currency		Instrument		Additional Information			
EUR		DIS		ESTR (ECB dated)			
BID		ASK		SOURCE	LOC	DATE	TIME
MTG1	-0.681	-0.581		BGC Partners	LON	10MAR20	21:59
MTG2	-0.713	-0.613		BGC Partners	LON	10MAR20	21:59
MTG3	-0.752	-0.652		BGC Partners	LON	10MAR20	21:59
MTG4	-0.768	-0.668		BGC Partners	LON	10MAR20	21:59
MTG5	-0.802	-0.702		BGC Partners	LON	10MAR20	21:59
MTG6	-0.813	-0.713		BGC Partners	LON	10MAR20	21:59

€STR – Swap market depth

Maturity 1 year:

- Sizes up to 250mln
- Demand is (and will be) fundamental
- Many banks are still working Eonia based taking into consideration the maturity before the end of 2021

Maturity 5 years:

- Sizes up to 100mln
- The market is still dominated by EONIA swaps flows
- A significant part of big players are waiting for the discounting switch.

BBTI
** TICKETS LAUNCH INTO BMTF **

Interest Rate Swaps Inquiry Ticket

EUR Swap (ESTR) 1Y - Receive Fixed CBBT -0.729 / -0.719 (-0.724)

Notional 0 M (0 EUR) CCP LCH

DV01 0 Alloc Str IRS

Effective Date 03/12/2020 Cpty Notes

Maturity Date 03/12/2021

PNT Leg. Ent. INTESA SANPAOLO SPA

MW Book Id SWC1-DERT

RFM

Market Depth / All Quotes

PCS	Firm Name	CCP	Bid	Ask	Ord Sz	Ask Sz	Time
LBBW	Landesbank BW	LCH	-0.7341	-0.7185	150 x 150	13:54	
HVSW	UniCredit Bank	LCH	-0.7295	-0.7245	150 x 150	13:54	
CASW	CREDIT AGRICOLE CIB	LCH	-0.7297	-0.7227	250 x 250	13:54	
DZSW	DZ BANK	LCH	-0.7320	-0.7200	100 x 100	13:54	
RABX	Rabobank Swaps	LCH	-0.7325	-0.7234	250 x 250	13:54	
GSSW	Goldman Sachs SW	LCH	-0.7340	-0.7170	250 x 250	13:54	
HSXE	HSBC Bank	LCH	-0.7414	-0.7126	250 x 250	13:54	

Submit to BMTF Close

Hit 1<GO> to submit inquiry to RECEIVE.

Australia 61 2 9777 8600 Brazil 5511 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000 Japan 81 3 4565 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2020 Bloomberg Finance L.P. SN 601653 CET GMT+1:00 6854-5667-1 10-Mar-2020 13:54:32

Menu

** TICKETS LAUNCH INTO BMTF **

EUR SWAP (ESTR) 5Y 92 Order Book 93 RFS 97 Settings All Quotes

14:04:12 99 Receive 98 Pay BMTF Filter By All

PCS	Firm Name	CCP	Bid	Ask	BS (MM)	AS (MM)	Time
HVSW	UniCredit Bank	LCH	-0.6780	-0.6720	100 x 100		14:04
JPSX	JP Morgan	LCH	-0.6825	-0.6625	100 x 100		14:04
CASW	CREDIT AGRICOLE CIB	LCH	-0.6876	-0.6646	100 x 100		14:04
MSSW	Morgan Stanley	LCH	-0.68700	-0.65900	77 x 77		14:04
LBBW	Landesbank BW	LCH	-0.6943	-0.6583	50 x 50		14:04
MHIS	Mizuho Intl IRS	LCH	-0.6967	-0.6577	38 x 38		14:04
BPSX	BNP Paribas	LCH	-0.6892	-0.6652	10 x 10		14:04
DZSW	DZ BANK	LCH	-0.6800	-0.6620	50 x 50		14:02
NOSW	Nomura	LCH	-0.68050	-0.66950	x		14:04
HSXE	HSBC Bank	LCH	-0.6729	-0.6729	x		13:41
CGX	CITIGROUP	LCH	/	/	x		07:30
INGY	ING Bank N.V	LCH	-0.6950	-0.6950	x		03/05
BSSX	Santander IRS	LCH	-0.7000	-0.7000	x		02/25
SGID	Societe Generale	LCH	-0.75115	-0.75115	x		02/25

Options
Reg Reporting
Pre WVR Post DEF

Australia 61 2 9777 8600 Brazil 5511 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000 Japan 81 3 4565 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2020 Bloomberg Finance L.P. SN 601653 CET GMT+1:00 6854-5667-1 10-Mar-2020 14:04:13

€STR – Swap market depth

Maturity 10 years:

- Sizes up to 100mln but the the majority of counterparties shows prices only for small amount
- Limited number of market makers
- Bid-ask spread from 1 to 5 bps
- Same issues described for 5 years maturity related to discounting switch

Maturity 30 years:

BBTI
** TICKETS LAUNCH INTO BMTF **

Interest Rate Swaps Inquiry Ticket

EUR Swap (ESTR) 10Y - Receive Fixed CBBT -0.500 / -0.496 (-0.498)

Notional 0 M

DV01 0

Effective Date 03/12/2020

Maturity Date 03/12/2030

MW Book Id SWC1-DERT

Leg. Ent. INTESA SANPAOLO SPA

Market Depth / All Quotes

PCS	Firm Name	CCP	Bid	Ask	BSz	Ask Sz	Time
HVSW	UniCredit Bank	LCH	-0.5070	-0.5010	50 x 50	13:57	
JPSX	JP Morgan	LCH	-0.5100	-0.4900	100 x 100	13:57	
DZSW	DZ BANK	LCH	-0.5100	-0.4940	25 x 25	13:57	
CASW	CREDIT AGRICOLE CIB	LCH	-0.5127	-0.4897	70 x 70	13:57	
BPSX	BNP Paribas	LCH	-0.5137	-0.4897	10 x 10	13:57	
LBBW	Landesbank BW	LCH	-0.5193	-0.4833	15 x 15	13:57	
MHIS	Mizuho Intl IRS	LCH	-0.5205	-0.4815	25 x 25	13:57	

Participants: AABN, BNP, BSNT, CALY, DNSK, DZ, HVB, JPM, LBBW, MS, MZUH, NOMR, RBSM, SG, CATX

Options: [4] Reg Reporting, Pre WVR Post DEF

Submit to BMTF Close

Hit 1(GO) to submit inquiry to RECEIVE.

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Menu
** TICKETS LAUNCH INTO BMTF **

Interest Rate Swaps Inquiry Ticket

EUR Swap (ESTR) 30Y - Receive Fixed CBBT -0.310 / -0.304 (-0.307)

Notional 0 M

DV01 0

Effective Date 03/12/2020

Maturity Date 03/12/2050

MW Book Id SWC1-DERT

Leg. Ent. INTESA SANPAOLO SPA

Market Depth / All Quotes

PCS	Firm Name	CCP	Bid	Ask	BSz	Ask Sz	Time
HVSW	UniCredit Bank	LCH	-0.3158	-0.3078	20 x 20	13:57	
DZSW	DZ BANK	LCH	-0.3180	-0.2980	25 x 25	13:57	
BPSX	BNP Paribas	LCH	-0.3192	-0.3042	25 x 25	13:57	
CASW	CREDIT AGRICOLE CIB	LCH	-0.3256	-0.2966	25 x 25	13:57	
JPSX	JP Morgan	LCH	-0.3260	-0.2960	100 x 100	13:57	
LBBW	Landesbank BW	LCH	-0.3410	-0.2810	12 x 12	13:57	
MHIS	Mizuho Intl IRS	LCH	-0.3439	-0.2789	8 x 8	13:57	

Participants: AABN, BNP, BSNT, CALY, DNSK, DZ, HVB, JPM, LBBW, MS, MZUH, NOMR, RBSM, SG, CATX

Options: [4] Reg Reporting, Pre WVR Post DEF

Submit to BMTF Close

Hit 1(GO) to submit inquiry to RECEIVE.

Australia 61 2 9777 8600 Brazil 5511 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2377 6000 Japan 81 3 4565 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2020 Bloomberg Finance L.P. SN 601658 CET GMT+1:00 GMT-1 10-Mar-2020 13:57:36

€STR – LCH Monthly Volumes

Key points of LCH Volumes (€STR Swaps):

- In the <1 year bucket, €STR volumes are constantly increasing. And surpassing other main RFRs
- In the 1-2 and 2+ years, €STR OIS volumes increased less evidently. Market players see as decisive the EONIA/€STR discounting switch

Month	Tenor Bucket	€STR	SARON	SOFR
Feb 2020	<1 Yr	188.21	124.25	165.02
	1-2 Yrs	1.67	0.72	35.50
	2+ Yrs	8.22	5.09	97.15
	Total	198.10	130.06	297.67
Jan 2020	<1 Yr	179.98	78.32	95.79
	1-2 Yrs	2.97	4.12	64.72
	2+ Yrs	8.81	8.34	48.56
	Total	191.76	90.78	209.06
Dec 2019	<1 Yr	93.20	45.49	134.84
	1-2 Yrs		0.70	36.54
	2+ Yrs	3.05	4.41	20.63
	Total	96.25	50.60	192.01
Nov 2019	<1 Yr	43.63	65.20	202.50
	1-2 Yrs	1.92	2.92	26.91
	2+ Yrs	1.09	3.54	14.63
	Total	46.64	71.65	244.04
Oct 2019	<1 Yr	27.11	83.90	140.66
	1-2 Yrs	2.08	3.71	31.47
	2+ Yrs	0.48	1.01	43.79
	Total	29.66	88.62	215.92

€STR – CCP Discounting Switch

The CCP discounting switch is expected to be the most relevant event in 2020.

It will boost the collateralized market but it will also incentivate the switch for bilateral contracts.

- EUR – Transizione PAI rate/discounting regime from EONIA to €STR flat:



- **LCH:** Scope: EUR denominated products con PAI rate = EONIA
Transition Date: **June 22nd, 2020**
Cash Compensation Payments
- **Eurex Clearing:** Scope: EUR denominated products con PAI rate = EONIA
Transition Date: **June 22nd, 2020**
Cash Compensation Payments



COVID 19: risk of delay?

No news at the moment
from CCPs.

€STR – Market Survey on term market (1/2)

With the purpose to assess the market conditions, Intesa Sanpaolo last 20th February contacted 23 market players active in the Eonia Swap Market , asking three specific questions:

QUESTION 1:

Are you already active in the long end (2-10y) €STR swaps market-making?

- 16 out of 23 declare they are active. Some say they are not yet ready with the electronic trading but willing to assist with bilateral prices
- 5 out 23 say they are not active, one is planning to quote from end of March
- 2 out 23 didn't answer

€STR – Market Survey on term market (2/2)

QUESTION 2:

How would you define the current liquidity in 2-10 years €STR swap market?

- Very mixed views, from «poor» to «fine and will be better»....
- Amongst the more interesting answers:
 - *"Liquidity is good, I'd say it's more a question of clients asking for €STR rather than OIS which would push market makers to quote it"*
 - *"no demand, no liquidity"*

QUESTION 3:

what is your quick view about the development of this specific 2-10 years market for the rest of the current year ?

- 13 out of 23 foresee a big inflow to €STR in June after the CCP discounting switch
- 5 out of 23 don't see a big change in the market composition
- 5 out of 23 didn't answer !!!!

€STR – Primary Market

Key points for Mlt €STR based issuances:

- Small number of issuances at the moment
- Significant amounts only for EIB and KFW issuances, with maturity 3 years
- Concentration of issuances immediately after first €STR fixing in Oct-Nov 2019
- Possible and expected increase in second half of 2020, after the yearly update of info memo (including 31 Dec 2019 balance sheet figures)

Issuer Name	Nb of €STR bonds issued	Sum of outstanding EUR notional	Date of the first €STR FRN issued	Announcement Date	Term	Maturity types
Landesreditbank Baden-Wuerttemberg Foerderbank	1	250,000,000	08-Oct-19	19-Sep-19	2y	BULLET
European Investment Bank	2	2,000,000,000	10-Oct-19	01-Oct-19	3y	BULLET
KFW	1	1,000,000,000	21-Nov-19	13-Nov-19	3y	BULLET
State of Saxony-Anhalt	1	100,000,000	07-Feb-20	27-Jan-20	2y	BULLET
Grand Total (4 issuers)	5	3,350,000,000				

Source JPM- Bloomberg

€STR – the Ambassador activity for Market development

Market participants (financials, corporates, consumers) must be ready within 2021 for the transition, acting as soon as possible.

The liquidity for €STR based products is growing but further developments are necessary.

For these reasons the Working Group on risk free rates has decided to nominate in each Country at least one **Ambassador** to facilitate and to speed the Communication process.

Ambassadors Framework

- **Concept:**

- Group of spokespeople from within the WG implementing local communication efforts in the respective euro area country in liaison with local authorities and associations

- **Mandate:**

- To approach, inform and educate market participants and improve the visibility of the working group through common communication tools
- To inform local authorities and associations on WG activities, recommendations and reports and explain the need to communicate
- To encourage local authorities and associations on benchmarks across each euro area countries to implement communication actions

- **Roles and responsibilities**

- To promote WG activities at local awareness-raising events, preferably with support from local authorities and associations
- To organize events at local level using WG materials and publications
- To translate and adapt publications and information material published by the WG and SG
- To participate in networking events for the WG Ambassadors
- To assess local market participants' communication and education needs with regard to WG related issues

€STR – the Ambassador activity for Market development

The Ambassadors's Toolkit, discussed and approved at the end of February 2020, is the following:

PACK 1:

to inform readers about the **transition from EONIA to €STR**, focusing on the key messages regarding products, models, legal, accounting and risk management implications.

- Transition from EONIA to the €STR
- Timeline for the transition from EONIA to the €STR
- Key messages for the transition from EONIA to €STR

PACK 2:

to inform about **EURIBOR fallbacks** in the context of the interest rate benchmark reform and the recommendations made by the Working Group on Euro Risk Free Rates, as well as to address the need for fallbacks from a regulatory perspective and the work performed by market associations.

- EURIBOR fallback context
- What a fallback provision is and its main elements
- The need for the use of fallbacks
- Regulatory requirements regarding the fallback provision
- Recommendations of the Working Group
- Risk management and accounting considerations
- Other work performed by market associations

€STR – the Ambassador activity for Market development

PACK 3:

to inform readers about the **transition** due to interest rate benchmark reforms, the **use of risk-free rates**, and the **roles & responsibilities and recommendations of the Working Group on Euro Risk-free Rates**

Working Group on risk-free rates
Frequently Asked Questions

Working Group on risk-free rates
Monthly Newsletter

- What is happening with regard to IBORs and the new risk free rates
 - The role of the Working Group on euro risk-free rates
 - Transition from EONIA to the €STR
 - Introducing fallbacks for Euribor
 - What do market participants need to do?
 - International developments and timeline
-
- [General benchmark rate questions \(based on ECB Explainer\)](#)
 - [Questions on the €STR](#)
 - [Transition issues](#)
 - [Questions on fallback rates](#)
 - [General questions about the working group on risk-free rates and its governance](#)
 - [Development of term rates and derivative markets](#)
 - [Link with benchmark developments in other jurisdictions](#)

Working Group on €uro Risk-Free Rates Newsletter February 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!

Working group on euro risk-free rate updates

- During the meeting on 4 December 2019, the chair of the working group on euro risk-free rates presented the planning and key deliverables for the first half of 2020.
- The working group on euro RFRs is in the process of preparing public consultations on Euribor fallbacks for Q2 2020. The consultations **are planned** to cover the Euribor fallback rate for different asset classes and any adjustment spread, as well as the events that will trigger the activation of the Euribor fallback rate and relevant market conventions. The working group aims to conclude this work with a set of recommendations on Euribor fallbacks by the summer 2020.

developments

Recent Working group publications

1. CH have announced that EUR discounting