

Third meeting of the euro short-term rate (€STR) Oversight Committee

Held on Thursday, 23 July 2020

Summary

The €STR market and methodology report for Q1 and Q2 2020

Attendees were given a presentation on the €STR quarterly market and methodology report, covering the first and second quarters of 2020. The report assessed whether the methodology fulfilled its objectives, i.e. first, whether it accurately measured the rate's underlying interest within the defined €STR scope, and second, whether the €STR scope remained relevant for capturing the underlying interest. Data sufficiency, rate accuracy and representativeness were assessed positively, confirming the appropriateness of the methodology for measuring the underlying interest. The rate and its main metrics had remained stable overall throughout the coronavirus (COVID-19) crisis. The members took note of the main messages of the report.

The €STR determination process and control framework

Attendees were given a presentation on the operational experience of the €STR determination process since the last meeting of the €STR Oversight Committee on 19 March 2020. It was indicated that the €STR publication had been running smoothly and there had been no quality issues.

On 4 May 2020 the quarterly transparency on errors table covering the first quarter of 2020 had been published, including one error due to a late submission by a reporting agent. It was recalled that the table provided summary information on errors larger than 0.1 basis points that were detected after the standard publication and did not meet the republication criteria and that it was published on a quarterly basis, during the second calendar month following the end of the reference quarter.

Attendees were informed that on 19 March 2020 the Governing Council had adopted the amending Guideline (EU) 2020/496.¹ In the interest of the efficient allocation of resources, the amending Guideline enabled the ECB to carry out tasks regarding the determination process and post-production procedures on behalf of national central banks that have only one reporting agent resident in their Member State and do not operate a local collection platform. The amending Guideline also introduced the possibility of submitting complaints electronically.

In addition, the members were informed that the Governing Council had approved the initiative for the publication by the ECB of compounded term rates using the €STR, and the launch of the related public consultation, which would be published on 24 July 2020.

Other matters

Members were informed that, to-date, no complaints had been received and that the ECB policy and procedure for cessation of the €STR had been made available on the ECB's website on 14 July 2020.

Participants

- Members of the €STR Oversight Committee
- Representatives from the Banca d'Italia, the Banco de España, the Banque de France, and the Deutsche Bundesbank
- ECB officials from the Directorate Generals Legal Services, Market Operations, Secretariat and Statistics

¹ Guideline (EU) 2020/496 of the European Central Bank of 19 March 2020 amending Guideline (EU) 2019/1265 on the euro short-term rate (€STR) (ECB/2020/15) (OJ L 106, 6.4.2020, p. 1).