

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

Held on Thursday, 22 October 2020

Summary

The €STR annual methodology review

Attendees were informed that the first annual review of €STR methodology and policies (€STR methodology) was currently being prepared by the administrator in line with Article 15(2) of the €STR Guideline¹, which provides that the European Central Bank (ECB) must review at least annually whether changes in the underlying market for the euro short-term rate require changes to the rate and the €STR methodology. Overall, rate accuracy (whether the rate correctly reflects the underlying market dynamics), data sufficiency (whether the rate is based on a sufficient volume of data) and data representativeness (whether the rate reflects market rates in an unbiased way) were assessed positively. Overall, it was assessed that the €STR methodology appropriately measures the underlying interest, and no changes to the rate and the methodology were recommended.

Review of data transmission incidents

The members were satisfied with the robustness of the €STR determination process in general and noted that the contingency procedure, which had been triggered for the first time on 11 August 2020, had been implemented in accordance with the arrangements set out in the €STR methodology. They were also confident that the measures implemented would be effective in addressing the data transmission incidents that had had an impact on the rate in the third quarter.

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 23 July 2020. It was indicated that procedures were working correctly overall.

¹ [Guideline \(EU\) 2019/1265 of the European Central Bank of 10 July 2019 on the euro short-term rate \(€STR\) \(ECB/2019/19\) \(OJ L 199, 26.7.2019, p. 8\).](#)

The quarterly transparency on errors table covering the second quarter of 2020 had been published on 3 August 2020, including one error due to a late submission by a reporting agent.

The external auditor's independent assurance report on the statement assessing the compliance of the framework used by the ECB to administer the €STR with the International Organization of Securities Commission (IOSCO) Principles for Financial Benchmarks, including the ECB's statement of compliance, had been published on the ECB's website on 30 September 2020, in line with the requirement under Article 13(1) of the €STR Guideline.

As regards the publication of compounded €STR rates, the attendees were informed that the public consultation had been concluded in September 2020 and the summary published on the ECB's website.

Other matters

With reference to the established complaints mechanism as provided for in Article 11 of the €STR Guideline members were informed that, to date, no complaints had been received.

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