

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

Held on Friday, 29 October 2021

Summary

€STR quarterly market and methodology reporting

Attendees were given a presentation on the €STR quarterly market and methodology report covering the third quarter of 2021. The report assessed whether the methodology fulfilled its objectives, i.e. first, whether it accurately measured the underlying interest¹ represented by the €STR within the scope defined, and second, whether the scope of the €STR remained relevant for capturing the underlying interest. The assessments of data sufficiency, rate accuracy and representativeness were positive, confirming that the methodology for measuring the underlying interest is appropriate. The rate and its main metrics had remained stable overall in the third quarter of 2021. The members took note of the main messages of the report.

EONIA-€STR transition update

Attendees were given a presentation on the progress of the transition from the euro overnight index average (EONIA) to the €STR, with publication of EONIA due to cease in January 2022. Further improvements in the liquidity of €STR-based instruments had been observed in this transition process ahead of the mandatory conversion of contracts from EONIA to the €STR by clearing houses, which took place over the weekend of 16-17 October 2021. Since the conversion weekend, 100% of new OIS contracts had been based on the €STR as of Monday, 18 October 2021, as announced by clearing houses. In unsecured markets, money market statistical reporting data showed that the shift towards the €STR was progressing. Finally, the members were informed that on 22 October 2021, the European Commission had designated the €STR as

¹ *Underlying interest* is the market or economic reality a benchmark rate seeks to measure.

the replacement rate for the EONIA in references to EONIA in any contract, and in any financial instrument as defined in Directive 2014/65/EU.²

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 15 July 2021. It was indicated that procedures were working correctly overall. The quarterly transparency on errors table covering the second quarter of 2021 had been published on 2 August and had included three errors related to late submissions of data by reporting agents. The quarterly transparency on errors table covering the third quarter of 2021, due to be published on 2 November, would include eight errors related to late submissions of data by reporting agents. The members took note of the measures that had been implemented by the reporting agents to address these delays in data transmission and decided to return to the matter at its next meeting after further analysis. On the publication of compounded €STR rates, which had started on 15 April 2021, attendees were informed that the procedures were working correctly overall.

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 Banque de France and the Banca d'Italia
- ECB officials from the Directorates General Market Operations, Secretariat and Statistics

² [Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU \(OJ L 173, 12.6.2014, p. 349\).](#)