

Tenth meeting of the €STR Oversight Committee

Held on Friday, 25 November 2022

Summary

The €STR determination process and control framework

Attendees were given a presentation on the operational experience of the €STR determination process since the previous meeting of the €STR Oversight Committee on 20 June 2022. It was indicated that procedures were working correctly overall. The summary information on errors covering the second quarter of 2022, published on 1 August, included two errors due to a late submission by a reporting agent, while the summary information for the third quarter, published on 2 November, reported no errors.

In addition, presentations were given by two national central banks operating a “local collection platform” on the performance of their tasks and responsibilities with regard to their contribution to the €STR determination process and related procedures.

Finally, the ECB’s Governing Council finalised its review of the non-compliance framework for statistical reporting on 29 September 2022. The purpose of the review was to make the framework more efficient, streamline the relevant procedures and clarify the roles of the relevant institutions in the process. As a result of the review, on 29 September 2022 the Governing Council adopted Regulation ECB/2022/31¹ on infringement procedures in cases of non-compliance with statistical reporting requirements and repealing Decision ECB/2010/10, as well as Decision ECB/2022/32² on the methodology for the calculation of sanctions for alleged infringements of statistical reporting requirements. The amended framework will apply to money market statistical reporting (MMSR) as of 31 January 2023.

The €STR annual methodology review

Attendees were informed that the third 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 Guideline³, which requires the ECB to review at least annually whether changes in the underlying market for the euro short-term rate require changes to the €STR methodology.

¹ [Regulation \(EU\) 2022/1917 of the European Central Bank of 29 September 2022 on infringement procedures in cases of non-compliance with statistical reporting requirements and repealing Decision ECB/2010/10 \(ECB/2022/31\).](#)

² [Decision \(EU\) 2022/1921 of the European Central Bank of 29 September 2022 on the methodology for the calculation of sanctions for alleged infringements of statistical reporting requirements \(ECB/2022/32\).](#)

³ [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 assessments of 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 positive. Overall, it was assessed that the €STR methodology appropriately measures the underlying interest⁴, and no changes to the methodology were recommended.

Pass-through of recent interest rate hikes to €STR

Attendees were given a presentation on the pass-through of recent interest rate hikes to the €STR. The data showed that the individual hikes had been passed through to the €STR immediately and nearly in full. In addition, the pass-through had been distributed fairly evenly across counterparty sectors. The move towards positive rates had generated more volume, including in the interbank space. The administrator will continue to carefully monitor how overnight market activity reacts to the normalisation of monetary policy.

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 Banque de France and the Deutsche Bundesbank
- ECB officials from the Directorate Generals Legal Services, Market Operations, Secretariat and Statistics

⁴ "Underlying interest" is the market or economic reality a benchmark rate seeks to measure.