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Banca Monte dei Paschi di Siena (BMPS) has informed EMMI of its intention to withdraw from the Euribor panel. The FSMA does not object to this decision.

In accordance with the European Benchmark Regulation^[1] (BMR), the FSMA is the supervisory authority of the European Money Markets Institute (EMMI), the Brussels-based entity that administers the Euribor benchmark. Euribor was added to the list of critical benchmarks by the European Commission in August 2016^[2] and, as a critical benchmark, is supervised by a College of supervisors, including national competent authorities and ESMA, which is chaired by the FSMA (*the Euribor College*).

Since the end of 2013, EMMI has been working on reforming Euribor in order to underpin it to the greatest extent possible with transaction data and thus make it BMR compliant. When, in May 2017, efforts to implement a fully transaction-based methodology proved unfeasible, EMMI developed a hybrid methodology with the support of a dedicated Task Force in which the FSMA participated as an observer. In October 2018, EMMI published [a consultation paper presenting a summary of its findings](#). The FSMA commended EMMI on the work done to develop and test the hybrid methodology, qualifying the results of the testing as a significant step towards a BMR compliant benchmark.

EMMI has expressed its intention to apply for authorization by Q2, 2019, well ahead of the BMR transition deadline of 31 December 2019. An important element towards the implementation of the hybrid methodology is the assurance that panel banks are operationally ready and willing to contribute under the new hybrid methodology. In this context, EMMI sent a letter to panel banks on 21 November 2018, asking them to confirm, by 4 January 2019, their intention to remain a contributor to the Euribor and to devote the necessary resources to be ready for the operational launch of the hybrid methodology for Euribor by Q2 2019, with the effective phase-in date for each bank to be determined by EMMI.

Banca Monte dei Paschi di Siena (BMPS) informed EMMI on 30 November 2018 of its intention to withdraw from the Euribor panel^[3]. This notification was in line with previous communication from BMPS that its priorities lay with its own reorganisation rather than with preparing to be operationally ready for the new Euribor methodology. For

the same reason, BMPS had not participated in the testing phase (from May until the end of July 2018) for the hybrid Euribor methodology.

The FSMA, having been informed by EMMI on 7 December 2018 of the intended withdrawal of BMPS, used its power under article 23 (5) of the BMR to require BMPS to continue contributing input data to Euribor until 4 January, pending the outcome of the procedure of mandatory contributions under article 23 of the BMR. The FSMA received EMMI's assessment of the implications of BMPS's withdrawal on the capability of the benchmark to measure the underlying market or economic reality on 12 December 2018^[4]. EMMI concluded that the impact of this withdrawal on the representativeness and the robustness of the benchmark would be limited.

On 21 December 2018, the FSMA presented the Euribor College with its own assessment of the impact of BMPS leaving the panel, based on BMPS's level of actual and potential participation in the market that Euribor intends to measure. The FSMA came to the conclusion that, without BMPS, the panel would still represent a considerable market share, which could allow EMMI to transition to a representative benchmark, and that BMPS should therefore not be required to continue to contribute data to Euribor. After thorough deliberation, the Euribor College decided to support the FSMA's conclusions and to advise the FSMA not to require BMPS to stay on the Euribor panel.

On 4 January 2019, the FSMA informed EMMI, BMPS and its supervisory authorities Consob and Banca d'Italia of its decision not to make use of its powers under article 23 (6) of the BMR to require BMPS to continue to contribute input data regarding Euribor.

The FSMA's decision with regard to BMPS is without prejudice to any future decisions to use or refrain from using its powers to require panel banks to continue to contribute input data regarding Euribor. It is motivated by an individual assessment taking into account BMPS's specific level of actual and potential participation in the market that Euribor intends to measure.

The withdrawal of BMPS from the Euribor Panel does not impact the implementation plan for the hybrid methodology envisaged by EMMI. The FSMA, together with the Euribor College remain committed to work closely with EMMI, and all other stakeholders, to ensure a smooth transition to the hybrid methodology, which will improve the robustness, integrity and accuracy of Euribor.

^[1] Regulation (EU) 2016/1011 of 8 June 2016.

^[2] Full list of critical benchmarks in the EU available here: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32018R1557>.

^[3] In accordance with article 23(3) of the BMR.

^[4] In accordance with article 23 (4) of the BMR.

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