

Draft Euribor Royal Decree

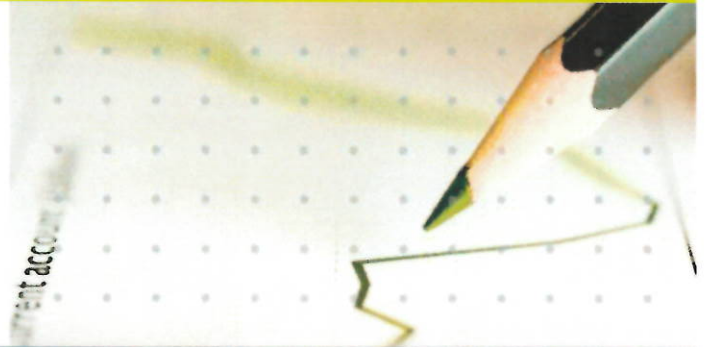
Anticipation of the Benchmark Regulation

FSMA



AUTORITEIT
VOOR FINANCIËLE
DIENSTEN
EN MARKTEN

AUTORITÉ
DES SERVICES
ET MARCHÉS
FINANCIERS



Reminder: Benchmarks Regulation
("BMR")



BMR - timing

- European Parliament vote: April 2016
- Publication: June 2016 (d)
- Entry into force: day after date of publication (d+1) + entry into application of some articles of the BMR (e.g. provision on the establishment of a college for critical BM's, provision on mandatory contributions)
- Entry into application: Entry into force + 18 months (d+1)
- Application for an authorization (d+1) + 42 months

Euribor College

- Establishment of College for critical BM's
 - 30 working days after inclusion of BM in list of critical BMs (date?)
 - It supposes that each Member state has designated the national competent authority responsible for carrying out the duties under the BMR
 - Concretely, the Euribor college will be installed with the national competent authorities already designated on that moment
 - Written arrangements: cooperation with ESMA and the FCA in order to have similar rules for Euribor and Libor

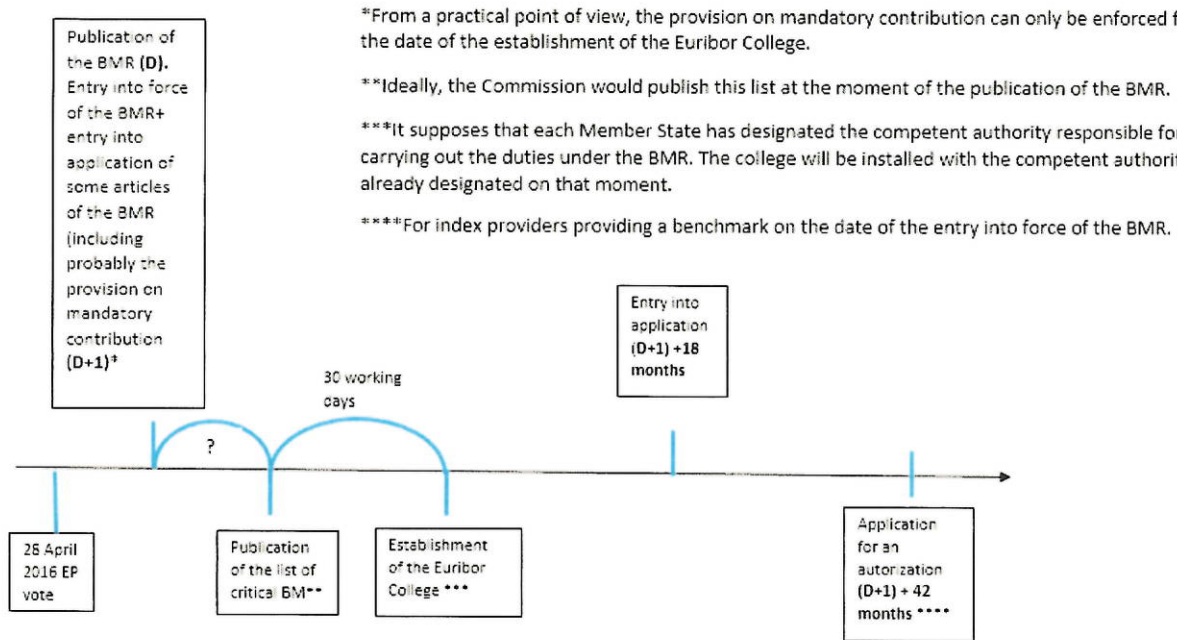
Mandatory contribution provision

- Entry into application on the date of the entry into force of the BMR (d+1)
- Concretely, this provision can only be enforced from the date of the establishment of the Euribor College
- « Last resort mechanism » that will be used under the strict conditions of the BMR
- Persuasion tool

Level II measures

- Benchmark Task Force created by ESMA: participation of the FSMA
- ESMA must draft Regulatory Technical Standards (RTS) on some BMR provisions (e.g. oversight committee, input data, methodology, code of conduct, benchmark statement)
- Submission of the RTS to the European Commission by 9 months after the entry into force of the BMR ((d+1) + 9 months = February/March 2017)

Benchmark regulation timeline



Draft Euribor Royal Decree (the "Royal Decree")

To facilitate the transition to the Euribor
+ methodology

Royal Decree: timing

- Application for an authorization within 30 working days of the entry into force
 - Anticipation of BMR because the application for an authorization under BMR must take place by 42 months after the entry into force of the BMR ((d+1) + 42 months = by November/December 2019)

Draft Euribor Royal Decree: timing

- Automatic revocation the day preceding the entry into application of the BMR ((d+1) +18 months) -1
- But authorization remains valid until the granting or the rejection of an authorization under the BMR
 - EMMI will have to re-apply for an authorization

Draft Euribor Royal Decree: provisions

- Broadly similar to the BMR
- Scope: limited to EMMI and Euribor
- Obligation of authorisation for EMMI
- Supervision of EMMI only
 - No supervision of panel banks
(no extra-territorial effect of the Royal Decree)

Draft Euribor Royal Decree: provisions

- **Authorization conditions = BMR:**
 - Governance & conflicts of interest
 - Oversight function
 - Control framework requirements
 - Accountability framework
 - Outsourcing provisions

Draft Euribor Royal Decree: provisions

- Authorization conditions \neq BMR:
 - Fit and proper character of the management body and the oversight committee
 - General obligations on input data and BM methodology
 - Taking into account the fact that after the transition to Euribor + the BMR provisions on input data and methodology will be complied with
 - Code of conduct: must be established by EMMI
- Absence of provision on mandatory contributions but:
 - Meetings between the FSMA and a sample of panel banks in order to identify their concerns

Questions?

