



# EURIBOR Code of Obligations of Panel Banks (COPB)

EURIBOR Governance Framework

## Document information

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# Reference to regulatory requirements

For ease of reference, next to each paragraph in all documents of the EURIBOR Governance Framework, EMMI includes an explicit mention to the applicable EU BMR requirement, e.g.

**BMR 5, 3(c)** Refers to article 5, paragraph 3, point (c) in the EU BMR.

**Annex 1** Reference to Annex 1 on interest rate benchmarks in the EU BMR.

Furthermore, in case the requirement arises from a regulatory technical standard (RTS) developed by ESMA, EMMI refers to the RTS by indicating the article for which it provides further specification, e.g.

**RTS 5, 2.1** Refers to article 2.1 on the RTS further specifying the requirements in EU BMR article 5 on procedures and characteristics of the oversight function.

In case the corresponding RTS includes an annex complementing its main text, reference to the annex will be made applying the same logic, e.g.

**Annex 5, 1** Refers to article 1 in the annex to the RTS article further specifying the requirements of EU BMR article 5.

# Purpose

- BMR 15** 1. The European Money Markets Institute, as Administrator of EURIBOR, has the responsibility to set uniform standards for EURIBOR Panel Banks (hereinafter, Panel Banks) with respect to their activities in contributing data for the provision of the benchmark. These standards are defined in the EURIBOR Code of Obligations of Panel Banks (hereinafter COPB).
- BMR 15,1** 2. The primary objectives of the COPB are:
- i) to ensure the integrity of EURIBOR by setting baseline standards for the contribution of input data by Panel Banks;
  - ii) to define specific obligations for Panel Banks with respect to governance, methodologies, control frameworks and independent review related to their contributions;
  - iii) to assist Panel Banks establishing and maintaining a robust internal control environment in order to discharge their obligations with respect to EURIBOR; and
  - iv) to provide transparency to stakeholders regarding the standards for the provision of EURIBOR.

# Authority and status

- 3. The COPB forms an integral component of the EURIBOR Governance Framework and has been adopted on 31 January 2019 by EMMI's General Assembly (hereinafter, the General Assembly), following a recommendation by EMMI's Board of Directors (hereinafter, the Board) and by the EURIBOR Steering Committee (as of December 2020: the Oversight Committee).
  - 4. The COPB shall be made available to the public on EMMI's website.
  - 5. The COPB will be reviewed by the Oversight Committee at least annually. Enhancements will be introduced where appropriate in order to cope with changes in market conditions, relevant legislation or regulations, as well as with the developments of enhanced international standards for benchmark provision.
- BMR 15,1** 6. Panel Banks should confirm compliance with the COPB to EMMI on an annual basis. If recent changes have been introduced in the COPB and a Panel Bank is not yet in compliance at the time of the annual confirmation, EMMI and the Panel Bank should discuss and agree on a reasonable timeframe to achieve full compliance. EMMI will inform its competent authorities on any instance of non-compliance.
- BMR 15,1** 7. A Panel Bank experiencing difficulty in complying with a standard required by the COPB should notify EMMI, detailing the reasons for non-compliance and providing relevant mitigating organisational controls or processes.
- 8. The standards set in this COPB are additional to and do not supersede any relevant legislation, regulation or other regulatory guidance applicable to Panel Banks. EMMI

and the competent supervisory authorities should be notified of any potential inconsistency between the COPB and such legislation or regulation.

9. In particular, Panel Banks should ensure they comply with BMR requirements for supervised Panel Banks (BMR art. 16) and any requirement from their competent authority.

## General obligations

### 1. Documentation of policies and procedures

10. Panel Banks should ensure that their internal policies and procedures regarding organisational arrangements, processes and control frameworks for activities related to their contributions to EURIBOR are:
    - compliant with BMR requirements for supervised Panel Banks;
    - compliant with the requirements established in the COPB;
    - fully and specifically documented; and
    - readily available for the independent reviews required under Section 'Accountability' of this COPB.
  - BMR 15, 2(c)** 11. Policies to be developed and maintained by Panel Banks shall include but not be limited to:  
**BMR 15, 2(d)**
    - i) an input data policy that includes at least a description of:
      - the data to be taken into account in determining the input data contribution; and
      - the data that the Panel Bank may exclude from a contribution of input data, detailing the reasons for which that data may be excluded.
      - a procedure to address any errors in the contributed input data.
    - ii) a policy on the transmission of data to EMMI that includes at least:
      - a description of the process to be used for the secure transfer of data; and
      - contingency plans for submitting input data in the event of: technical or operational difficulties, temporary absence of a submitter, or the unavailability of the input data required by the methodology.
- RTS 15, 1.1**  
**RTS 15, 3**  
**RTS 15, 4.3**
- BMR 15, 2(d)** 12. The principles guiding the use of discretion in the input data policy referred to in paragraph 11 of this COPB should specify at least the following:  
**RTS 15, 5**
  - i) the circumstances in which the Panel Bank may exercise discretion;
  - ii) the individuals within the Panel Bank who are permitted to contribute on their behalf and, in particular, derive Level 3 contributions ('submitters');

- iii) the internal controls that regulate the exercise of the Panel Bank's discretion in accordance with its policies; and
- iv) the individuals within the Panel Bank who are authorised to conduct an ex-post evaluation of contributed data and, in particular, Level 3 contributions.

## 2. Co-operation with supervisory authorities

- 13. A Panel Bank should comply with any reasonable query from its competent supervisory authorities related to its Panel Bank activities and is encouraged to co-operate with the supervisory authorities responsible for other participants involved in EURIBOR determination.

## 3. Notice period

- 14. In order to minimise potential disruption to the determination of EURIBOR, a Panel Bank should give at least a six week notice to EMMI before voluntarily withdrawing from the Panel.

# Governance and organisation

## 4. General requirements

- BMR 15, 2(d)** 15. Panel Banks should establish and maintain effective organisational, internal oversight and staff resourcing arrangements for their activities related to their contribution to EURIBOR. These arrangements should ensure that:
- BMR 15, 2(d)** 16. An effective organisation structure is in place ensuring that contributions are made in a disciplined and controlled fashion, in conformity with EMMI's requirements;
- 17. In general, Panel Banks will leverage their existing organisation structure to accommodate the contribution activities. EMMI notes that the internal structures of Panel Banks may differ significantly from one to another and that some flexibility in the detailed application of the COPB in individual Panel Banks might be necessary.
- BMR 15, 2(d)** 18. Clear roles and responsibilities are assigned to the units, management and staff associated with performing, overseeing and reviewing the contributions activities;
- BMR 15, 2(b)** 19. Managers and staff involved in the contribution process possess sufficient knowledge and expertise for the conduct of their duties, are specifically authorised within the Panel Bank to perform such duties, and acknowledge their obligations;
- BMR 15, 2(d)** 20. Potential conflicts of interest associated with EURIBOR related activities within the Panel Bank or between the Panel Bank and third parties, are identified, avoided or mitigated, documented and disclosed.

## 5. Internal oversight and verification procedures

- BMR 11** 21. Panel Banks should have in place adequate internal oversight and verification procedures.
- RTS 11, 3** 22. Where input data is contributed from a front office function, the internal oversight and verification procedures that Panel Banks must have in place should include a three level control model as specified in paragraphs 23, 24 and 25 hereunder. :
- RTS 11, 3.1(a)** 23. The internal function serving as a the first level of control for the contribution of input data shall be responsible for carrying out the following duties:
- undertaking an effective check of input data prior to its contribution, including ensuring compliance with any requirement for the validation of input data, and reviewing input data prior to its contribution with respect to its integrity and accuracy;
  - checking that the submitter is authorised to contribute input data on behalf of the Panel Bank in accordance with paragraph 32;
  - ensuring that access to contributions of input data is restricted to persons involved in the contribution process, except where access is necessary for audit purposes, investigation purposes or purposes required by law.
- RTS 11, 3.1(b)** 24. The internal function serving as the second level of control shall be responsible for carrying out the following duties:
- RTS 15, 4.1**
- conducting a review of input data after its contribution, independent of the review carried out by the first level control function, in order to confirm the integrity and accuracy of the contribution;
  - establishing and maintaining a whistle-blowing procedure that includes appropriate safeguards for whistle-blowers, as per Section 17;
  - establishing and maintaining procedures for the internal reporting of any attempted or actual manipulation of the input data, for any failure to comply with the Panel Bank's own benchmark-related policies and for the investigation of such events as soon as they become apparent;
  - establishing and maintaining internal reporting procedures for reporting any operational problems in the contribution process as soon as they arise;
  - ensuring regular presence in person of a staff member from the second level control function in the office area where the front office function is based;
  - maintaining oversight of relevant communications between front office function staff directly involved in contributing input data and also of relevant communications between such staff and other internal functions or external bodies;
  - establishing, maintaining and operating a conflicts of interest policy in line with Section 9.



- RTS 11, 3.1(c)** 25. The internal function, independent from the first and second level control functions, serving as the third level of control, shall be responsible for performing checks, on a regular basis, on the controls exercised by the other two control functions.
- RTS 11, 3.1(d)** 26. Panel Banks should establish procedures governing:
- the means of cooperation and flow of information between the three control functions required by paragraphs 23, 24 and 25;
  - regular reporting to the senior management in the Panel Bank, on the duties carried out by those three control functions;
  - communication to EMMI, upon request, of information related to the Panel Bank's internal oversight and verification procedures.
- RTS 11, 3.2** 27. A simpler organisational control structure than the one described in paragraphs 23, 24 and 25 may be permitted, provided that (i) all duties listed in paragraphs 23, 24 and 25 are performed and (ii) the Panel Bank's competent authorities do not object with the Bank's simpler organisational control structure. In those circumstances, points 1 and 2 of paragraph 26 will be applied in a manner reflecting the simpler control structure.

## 6. Roles and responsibilities

- BMR 15, 2(b)** 28. The roles and responsibilities of the organisational units with relevant operational and oversight duties should be clearly defined and documented.
- BMR 15, 2(d)** 29. As part of the first level of control established in line with paragraph 23, and subject to paragraph 89, Panel Banks should operate a Submitter-Approver process:
- RTS 11, 3.1(a)**
- Submitters are responsible for contributing input data, based on the processes outlined in this COPB.
  - Approvers are responsible for checking the contributions prior to contribution and overseeing the daily contribution process.
  - Approvers (or Submitters, in the case of paragraph 89 applies) shall also be available at least between 10:00 a.m. and 11:15 a.m. (CET) to re-confirm the Panel Bank's contribution to the Calculation Agent if necessary.
30. Panel Banks should appoint at least two Submitters and two Approvers and establish appropriate back-up coverage arrangements among the appointed persons.
- BMR 15, 2(b)** 31. The detailed roles and responsibilities of the staff directly involved in the daily contribution process should be well-defined and properly documented in the Panel Bank's policies and procedures.

## 7. Authorisation and acknowledgement by contributing staff

- RTS 15, 2.2** 32. Panel Banks should ensure that a person is only permitted to act as a submitter of input data on behalf of the Panel Bank if the latter is satisfied that the person has the necessary skills, knowledge, training and experience for the role.
- RTS 15, 2.2** 33. Panel Banks should establish and apply a due diligence process to verify that a person has the necessary skills, knowledge, training and experience to submit input data on its behalf. This process shall include checks to verify (i) the person's identity, (ii) the person's qualifications and (iii) the person's reputation, including whether the person has been previously excluded from submitting input data to a benchmark for reasons of misconduct.
- BMR 15, 2(b)** 34. The staff involved in the contribution process must acknowledge their appointments to these roles and confirm that they understand and comply with their responsibilities with respect to the contribution process as set out in this COPB and any associated Panel Bank policies and procedures.  
**RTS 15, 2.2**
- BMR 15, 2(b)** 35. Panel Banks must communicate to EMMI the names of the authorised persons involved in the EURIBOR contribution process using the form established by EMMI for such a purpose. Any changes in the appointments should be communicated immediately to EMMI.  
**RTS 11, 2.1(a)**  
**RTS 15, 2.3**
- BMR 15, 2(b)** 36. Appointments and acknowledgements should be reconfirmed at least annually, and thereafter communicated to EMMI.  
**RTS 11, 3.1(a)**  
**RTS 15, 2.3**

## 8. Ethical standards

- BMR 15, 2(d)** 37. Panel Banks should develop a set of ethical standards specifically addressing the contribution activities. Panel Banks should communicate these standards clearly to their relevant staff and require them to confirm their adherence. Panel Banks should provide training in these standards, periodic reminders, and refresher courses.
- BMR 15, 2(d)** 38. All staff associated with the operation and control of the contribution activities should act with integrity in carrying out their duties. They should not use any information that they obtain in the course of their duties in return for monetary or other rewards or for personal interest. They should not disclose such information other than in association with their prescribed duties for performing the contributions.
- BMR 15, 2(d)** 39. Panel Bank staff must not attempt to inappropriately influence the contribution process in any manner including, but not limited to, by manipulating, attempting

to manipulate, or colluding in an actual or attempted manipulation of a contribution of their own or any other Panel Banks.

**BMR 15, 2(d)** 40. Panel Bank staff should, furthermore, not engage in any activity with the objective of violating any applicable regulatory requirements, administrator requirements, or internal Panel Bank policies related to contribution activities.

**BMR 15, 2(d)** 41. All staff should immediately report, using established escalation channels, including whistleblowing, if they suspect that any person is engaging in any of the activities described above, either currently or in the past.

## 9. Conflicts of interest

**BMR 15, 2(d)** 42. Panel Banks should establish and maintain an effective Conflicts of Interest Policy to enable them to identify potential conflicts of interest that may arise with respect to their EURIBOR contributions activities.  
**RTS 15, 8**

**RTS 15, 8** 43. The Conflicts of Interest Policy established by Panel Banks should address:

- the process for identifying and managing conflicts of interest, including internal escalation of conflicts of interest;
- steps to prevent, or minimise the risk of conflicts of interest in the process for recruiting staff involved in the contribution process;
- steps to prevent, or minimise the risk of conflicts of interest in the remuneration policies for the staff involved in contribution activities;
- steps to prevent, or minimise the risk of conflicts of interest arising from the Panel Bank's management structure;
- requirements with respect to communications between staff involved in the contribution process and other Panel Bank's staff;
- any physical or organisational separation between submitters and other staff required to prevent, or minimise the risk of, conflicts of interest;
- rules and measures to address any financial exposure that the Panel Bank may have to a financial instrument or financial contract with references to EURIBOR.

**RTS 11, 3(b)** 44. Where the input data is contributed from a front office function, the Conflicts of Interest policy established by Panel Banks should ensure:

- the identification and disclosure to the administrator of actual or potential conflicts of interest concerning any of the Panel Bank's front office function staff who are involved in the contribution process;
- the absence of or any direct link between the remuneration of a submitter and the value of the benchmark, the value of specific contributions made or the performance of any activity carried on by the Panel Bank that might give rise to a conflict of interest related to the contribution of input data and other front office function staff;

- a clear segregation of duties and a physical separation between front office function staff involved in contributing input data and other front office function staff;
  - effective controls over the exchange of information between front office function staff and other staff of the Panel Bank involved in activities that may create a risk of conflicts of interest, insofar as the information being exchanged is information that may affect the input data contributed;
  - the existence of contingency provisions in case of temporary disruption of the controls regarding the exchange of information referred to hereinabove;
  - the taking of measures to prevent any person from exercising inappropriate influence over the way in which front office function staff involved in contributing input data carry out their activities.
- RTS 11, 3.2** 45. A simpler organisational control structure may be permitted under the conditions set out in paragraph 27.
- RTS 15, 8** 46. Panel Banks should establish a register of conflicts of interest to record any conflicts of interest identified and any measures taken to manage them, together with requirements to keep the register up-to-date and to provide internal or external auditors with access to it.
- RTS 15, 8** 47. Panel Banks' staff involved in the contribution process should be trained in all policies, procedures and controls relating to the identification, prevention and management of conflicts of interest.

## 10. Communications

- BMR 15, 2(d)** 48. Panel banks should establish and maintain controls on communications, both within the Panel Bank, and between the Panel Bank and third parties, including other Panel Banks or brokers, to avoid any inappropriate influence over Submitters and Approvers and any collusive activity with respect to data used to derive the Panel Bank's contribution. Communications include, but are not limited to, physical documents, emails, exchanges through other electronic messaging systems, or telephone conversations. Communications include internal exchanges between staff at the Panel Bank, and between Panel bank staff and external parties.

# Determination and validation of contributions

## 10.1 General principles

- BMR 15, 2(d)** 49. Panel Banks should observe the following general principles, elaborated further in this section, in developing and corroborating their contributions for EURIBOR.

- BMR 15, 2(d)** 50. Panel Banks' adherence to these principles shall be evaluated as part of the independent reviews described in Section 21.
- BMR 15, 2(d)** 51. Panel banks should develop comprehensive, structured and documented policies and procedures for determining EURIBOR contributions.  
**RTS 15, 3**
- BMR 15, 2(d)** 52. Contributions should be prepared by an authorised Submitter, according to the Policies and Procedures for the Panel Bank's contributions. Level 3 contributions should be reviewed for plausibility by an authorised Approver prior to contribution.
- BMR 15, 2(d)** 53. Panel Banks should develop effective procedures for the corroboration of Level 3 contributions with a clear audit trail to facilitate subsequent reviews.
- BMR 15, 2(d)** 54. Following the guidelines provided by EMMI, Panel Banks should establish clear criteria for the purposes of deriving Level 3 contributions, having regard to the EURIBOR specification.
- BMR 15, 2(d)** 55. Following the guidelines provided by EMMI, Panel Banks should develop a clear list of priorities as far as data inputs for their Level 3 contributions are concerned.  
**RTS 15, 1**  
**RTS 15, 3**

## 11. Contributions toward EURIBOR Hybrid Methodology

- BMR 11, 1(a)** 56. EMMI seeks to ground the calculation of EURIBOR, to the extent possible, in euro money market transactions that reflect the Underlying Interest, as defined in the Benchmark Determination Methodology for EURIBOR (BDM).
- BMR 11, 1(c)** 57. The EURIBOR Determination Methodology follows a hierarchical approach consisting of three levels, as described in the BDM. Each day, each individual Panel Bank's contribution, for each defined EURIBOR tenor, will be determined on the basis of one of the methodology levels:  
**RTS 11, 2**  
**BMR 15, 2(a)**
- **Level 1.** Contribution based solely on transactions in the Underlying Interest at the defined tenor from the prior TARGET2 day, using a formulaic approach specified by EMMI;
  - **Level 2.** Contribution based on transactions in the Underlying Interest across the money market maturity spectrum and from recent TARGET2 days, using a defined range of formulaic calculation techniques specified by EMMI.
  - **Level 3.** Contribution based on transactions in the Underlying Interest and/or other data from a range of markets closely related to the unsecured euro money market, using a combination of modelling techniques and/or the Panel Bank's judgment, following the guidelines provided by EMMI in Section 13.

A full account of the methodology can be found in the BDM.

## 12. Guidelines for the conversion of Level 1 floating rate transactions

- BMR 11, 1(c)** 58. Transactions conducted at a floating rate, provided that they reference the unsecured euro overnight interest rate, are considered as eligible as Level 1 inputs (cf. EURIBOR Benchmark Determination Methodology, paragraph 19).
- BMR 15, 2(a)**
- BMR 11, 1(c)** 59. EMMI requires Panel Banks to report these transactions as per the Technical Specifications for Panel Banks, including:
- BMR 15, 2(a)**
- a) the applicable ISIN code for the reference rate index of the transaction;
  - b) the number of basis points added to or deducted from the underlying reference rate to calculate the actual interest rate applicable for a given period at issuance of the floating rate instrument (commonly known as *spread*); and
  - c) the equivalent fixed rate of the transactions.
- BMR 11, 1(c)** 60. Panel Banks are responsible for the conversion of the floating rate inferred from a) and b) in paragraph 59 above to the fixed-rate equivalent in c).
- BMR 15, 2(a)**
- BMR 11, 1(c)** 61. The rate conversion should be automatised to the greatest extent possible, and should be performed as close to the time of execution of the transaction as technically feasible, in order to avoid potential misalignment of prices for similar products.
- BMR 15, 2(a)**
- BMR 11, 1(c)** 62. The conversion methodology applied by Panel Banks should be reviewed and approved at least annually by an independent Risk Management or equivalent function within the Panel Bank with sufficient expertise and market knowledge to render an informed judgment and recommendations, if any, for adjustment.
- BMR 15, 2(a)**
63. EMMI performs periodic surveys of conversion methodologies and provides feedback to Panel Banks on how each individual Panel Bank's approach compares to peers. However, each Panel Bank is ultimately responsible for the analytic and operational robustness of its approach.

## 13. Guidelines for Panel Bank's Level 3 contributions—general principles

- BMR 11, 1(c)** 64. Level 3 contributions may be based on two sources of data:
- BMR 15, 2(a)**
- Additional transactions in the Underlying Interest that were excluded from Level 1 and Level 2 contributions; and/or
  - Other data from a range of markets closely related to the unsecured euro money market.

- BMR 11, 1(c)** 65. Panel Banks should determine a Level 3 contribution using the data in Section 12 through the application of a combination of modelling techniques and/or the Panel Bank's judgment.
- BMR 15, 2(a)**
- RTS 15, 5**
- BMR 15, 2(a)** 66. While EMMI does not mandate that Panel Banks employ a particular model or type of analysis in using data from these other markets, in making such determinations, each Panel Bank should reflect its own particular circumstances and business patterns, funding and liquidity management, while observing the General Principles given below.
- BMR 15, 2(a)** 67. A Level 3 contribution should reflect the average rate of borrowing by the Panel Bank over the TARGET2 day preceding the day of publication.
- RTS 15, 1** 68. Panel Banks should have regard to the robustness of their approach in providing an accurate estimate of their unsecured funding costs, and especially in times of market or institutional stress.
- RTS 15, 5**
- RTS 15, 5** 69. Each Panel Bank acknowledges that it bears full responsibility for the particular determination methodologies and data sourcing that it employs in arriving at its Level 3 contributions.
70. EMMI performs periodic surveys of methodologies and provides feedback to Panel Banks on how each individual Panel Bank's approach compares to peers. However, each Panel Bank is ultimately responsible for the analytic and operational robustness of its approach.
- RTS 15, 5** 71. Panel Banks should apply established risk management standards and practices to the governance, documentation, testing, implementation, review, record-keeping and change control of Level 3 determination methods.
- RTS 15, 1** 72. The specific approach adopted by each Panel Bank for their contribution under Level 3 should be fully documented. The approach should be reviewed and approved at least annually by an independent Risk Management or equivalent function within the Panel Bank with sufficient expertise and market knowledge to render an informed judgment and recommendations, if any, for adjustment.
- RTS 15, 3**
- RTS 15, 5**
- RTS 15, 1** 73. Within Panel Banks, clear roles and responsibilities should be established for:
- RTS 15, 3**
- RTS 15, 5**
- the overall design, approval, implementation and review of Level 3 determination methods;
  - the selection of specific input data and data sources; and
  - the ongoing monitoring of the performance in the Level 3 determination methods, and periodic review by independent functions and/or third parties.
74. Panel Banks should provide, on request, to EMMI and the corresponding national competent supervisory authorities any information about their Level 3

determination methodologies, including methodology descriptions, performance and independent review reports. Any changes in a Panel Bank's Level 3 determination methodology should be brought to EMMI's attention.

- RTS 15, 1** 75. Panel Banks should ensure that their determination methodologies for Level 3 contributions adequately reflect the differentiation in market drivers between each tenor.
- RTS 15, 1** 76. Where data other than those used in Level 1 and Level 2 determinations are used as inputs for Level 3 contributions, these data should, where feasible:
- be publicly available (subject to a possible subscription arrangement);
  - be sourced from regulated markets, trading venues or entities; or
  - possess or otherwise be amenable to an audit trail.
- RTS 15, 1** 77. EMMI permits the use of data from prior days, including a Panel Bank's prior contributions, provided that such data are appropriately adjusted to take account of market movements or changes in the Panel Bank's relative borrowing costs from the time of the original contribution to the current reference period.

## 13.1 Use of data from additional transactions in the Underlying Interest

- BMR 11, 1(c)** 78. EMMI requires that the determination of EURIBOR be anchored to the greatest extent possible in transactions in the Underlying Interest.
- BMR 11, 1(c)** 79. Panel Banks are expected to consider taking account of data from additional transactions that may have not been used in Level 1 or Level 2 contributions, provided that these transactions accurately reflect the individual Panel Bank's unsecured wholesale borrowing costs.
- BMR 15, 2(a)**  
**RTS 15, 1**
- BMR 11, 1(c)** 80. Panel Banks may incorporate into their Level 3 contributions data derived from:
- BMR 15, 2(a)**  
**RTS 15, 1**
- Transactions that would be qualified as Level 1 Eligible Transactions, except that they fall below the Minimum Size threshold;
  - Qualifying Non-Standard Maturity Transactions whose volumes allocated to Defined Tenors are below the tenor threshold; and
  - Transactions with Non-Financial Corporations, where such Corporations are not categorised as small business customers in the Basel III LCR regulations. These transactions should otherwise be Level 1 Eligible Transactions or be

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<sup>1</sup> For the purpose of Level 3 contributions, as considered here, Panel Banks are permitted to exclude individual transactions or classes of transactions from their calculations if such transactions can reasonably be considered to be conducted at rates that do not reflect the bank's wholesale unsecured funding costs. Specifically, transactions with special pricing arrangements or with special structural terms can be so excluded.



Qualifying Non-Standard Maturity Transactions for the purposes of Level 2, but without restrictions on the notional volume.

## 13.2 Use of data from other markets

- BMR 11, 1(c)** 81. In determining Level 3 contributions Panel Banks may also use data from markets that reflect or are closely correlated with the Underlying Interest of EURIBOR. EMMI considers that the markets and instrument types listed below generally fulfil this criterion:
- BMR 15, 2(a)**
- RTS 15, 1**
- Futures contracts referencing EURIBOR;
  - Forward Rate Agreements (FRAs), Fixed/Floating Interest Rate Swaps, and Basis Swaps referencing EURIBOR;
  - Overnight Index Swaps referencing the unsecured euro overnight interest rate or other short-term euro interest rates; and
  - Overnight and term securities financing transactions in euro.
82. Panel Banks may request EMMI to confirm the addition of other inputs.
- BMR 11, 1(c)** 83. Where a choice of such data exists for the particular market or set of instruments above, the following hierarchy of preferences should apply:
- BMR 15, 2(a)**
- RTS 15, 1**
- Data grounded in actual transactions, where the transaction reasonably reflects the Underlying Interest;
  - Data based on executable quotes;
  - Indicative prices, rates or quotes, with no firm commitment for execution;
  - Data reliant primarily on the expert judgment of the Panel Bank.
- In considering this hierarchy of preferences, a Panel Bank should take account of the particular micro-structure of the specific market and the Panel Bank's role and level of activity in this market.
- BMR 11, 1(c)** 84. Panel Banks should take further into account the considerations regarding the choice of markets and instruments, specific market and instrument types, and limitations of use included in the BDM.
- BMR 15, 2(a)**

## 13.3 Consistency in choice of methods

- BMR 15, 2(d)** 85. Where a Panel Bank has a range of available methods for making a Level 3 contribution, the Panel Bank should seek to ensure that a particular method is applied consistently over time and with a documented rationale or criteria for switching between methods.

## 14. Contribution procedures and controls

- BMR 15, 2(d)** 86. Panel Banks must provide their contributions:
- RTS 15, 1**
- in accordance with the definition of EURIBOR set out in the Benchmark Determination Methodology for EURIBOR;
  - in such a manner and format specified by EMMI in order to ensure the secure transfer of data<sup>2</sup>;
  - for the complete range of tenors as set out in the BDM;
  - on a timely basis, within the contribution window specified by EMMI;
  - on all days when the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET2) system is open;
  - ensuring the quality, integrity and accuracy of their contributions; and
  - respecting the technical reporting instructions.
- BMR 15, 2(d)** 87. The actual transmission of the input data to the EURIBOR Calculation System should be automated to the extent feasible and overseen according to the third point in Paragraph 88 below.
- BMR 15, 2(d)** 88. Panel Banks must have in place systems and controls including, among other things:
- RTS 15, 4.1**
- Pre-contribution checks to identify any suspicious input data, including checks in the form of a review of the data by a second person;
  - Post-contribution checks to confirm that the input data has been contributed in accordance with the requirements of the COPB and to identify any suspicious input data;
  - Monitoring of the transfer of input data to EMMI in accordance with the technical and operational procedures specified by EMMI.
- RTS 15, 4.2** 89. In the case of fully automated systems for the contribution of input data, in which natural persons are not able to modify the contribution of input data, the Panel Bank may opt not to establish the checks referred to in the first and second bullet points of in paragraph 88 and the second bullet point of paragraph 29, as long as the following two conditions are satisfied:
- The Panel Bank is able to monitor the proper functioning of the automated system on a continuous basis; and
  - The Panel Bank checks the automated system following any update or change to its software, before new input data is contributed.

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<sup>2</sup> As detailed in the Technical Specifications for Panel Banks.

90. The connection ID numbers and names of the Submitter and Approver, as applicable, for each daily contribution will be recorded and retained.
- RTS 15, 4.4** 91. Panel Banks must review the systems and controls established by it concerning the contribution of input data on a regular basis and, in any event, at least annually.

## Control environment

### 15. Confidentiality and data protection

92. A Panel Bank's contribution rates should be classified and treated as confidential, non-public, price-sensitive information – or similar classification defined by the Bank. This designation should be reflected in the operating procedures adopted by the Panel bank for the handling of such information.
93. Panel Banks should maintain contingency arrangements should information related to its contributions be exposed to unauthorised parties, either within or outside the Panel Bank, before such information is publicly available. In such cases, EMMI and competent supervisory authorities should be notified promptly, in accordance with established provisions for the exposure of confidential data.
94. The system(s) used for the contribution process must meet minimum security standards in order to avoid unwanted, uncontrolled changes and amendments to the contribution (e.g. personal logins, passwords, etc.).

### 16. Record retention

- BMR 15, 2(d)** 95. Panel Banks should retain records of all relevant aspects of their activities with respect to their EURIBOR contribution activities and establish record-keeping policies that ensure that a record is kept by the Panel Bank of all information necessary to check its adherence to the COPB.  
**RTS 15, 6**
- BMR 15, 2(d)** 96. Records should be retained in a register and format that makes it readily accessible for future reference. Appropriate security measures should be applied so that records cannot be changed or manipulated. Records should be furnished to independent reviewers, EMMI and competent supervisory authorities in a timely manner upon request.  
**RTS 15, 6**
- BMR 15, 2(d)** 97. Physical and electronic records should be retained for a minimum period of five years. Telephone conversations or electronic communications should be retained for a minimum period of three years.  
**RTS 15, 6**
- BMR 15, 2(d)** 98. Records retained by Panel Banks should include:  
**RTS 15, 6**

- Policies and procedures relating to the governance, oversight and methodologies applied for the contribution of input data – including the sign-off of input data – and any material changes to those policies and procedures.
- The register of conflict of interest referred to in paragraph 46 of this COPB.
- Reports produced from the independent review processes, including regular monitoring reports and the reports of internal and external auditors. Subsequent reports on actions taken and progress in implementing remedial actions should also be retained.
- Records of contribution queries and complaints, and their respective outcomes.
- Listing of the submitters, approvers and other persons performing checks in respect of contributions, including their names and roles with the Panel Bank's organisation and the dates when they were authorised and, where applicable, ceased to be authorised to carry out their contribution-related roles.
- Any disciplinary actions taken against any Panel Bank staff in respect of benchmark-related activities.
- Communications of the Panel Bank with EMMI or the Calculation Agent.
- Daily records of each contribution of input data, including:
  - i. the input data contributed;
  - ii. the data taking into account in determining the input data contribution, and any data that was excluded;
  - iii. any use of discretion and related rationale;
  - iv. any input data checks undertaken;
  - v. any communications in relation to the contribution of input data between the submitter and anyone within the Panel Bank's organisation performing checks in respect of contributions.

**BMR 15, 2(d)** 99. Submitters and Approvers should conduct all communications related to the contributions activities on the Panel Bank's recorded communications systems (email, phone or other) or on systems specifically provided by EMMI for the transmission of input data. No communication related to contributions should be conducted in a manner that prevents the Panel Bank from recording them.

**RTS 15, 6**

## 17. Complaints procedures and reporting of suspicious input data

**BMR 15, 2(d)** 100. Panel Banks should establish, implement and enforce policies and procedures for handling complaints and reporting of suspicious input data from internal or third parties, including EMMI and the Calculation Agent, in respect of their Panel Bank obligations or of other factors of which they become aware that may compromise the integrity of the EURIBOR.

**RTS 15, 7**

- BMR 15, 2(d)** 101. These policies and procedures should cover at a minimum:
- RTS 15, 7**
- the assignment of overall responsibility for complaints management to an independent function (typically Compliance) and to the Panel Bank’s senior management;
  - the operational processes to record to record all complaints and reporting of suspicious input data;
  - the implementation and communication to staff of a well-documented complaints and whistleblowing escalation process within the Panel Bank;
  - the timely allocation of sufficient staff resources, independent from the staff involved in the contribution process, to review and investigate complaints;
  - the review of complaints by senior independent management, the Chief Compliance Officer or equivalent;
  - the reporting of material complaints or reporting of suspicious input data, actions recommended, and/or actions taken, to the Chief Executive Officer and/or Board of Directors; and
  - the reporting of misconduct and internal disciplinary proceedings to competent supervisory authorities.
- BMR 15, 2(d)** 102. The Panel Bank should inform EMMI and the competent supervisory authority without delay if they suspect that any person is manipulating, attempting to manipulate, or colluding in an actual or attempted manipulation of a EURIBOR contribution or fixing, either currently or in the period from the Effective Date of this COPB.
- RTS 15, 7**
- BMR 15, 2(d)** 103. Any material report of suspicious input data shall be addressed to EMMI using one of the following means of communications:
- RTS 15, 7**
- EMMI complaints or whistleblowing channels:
  - <https://www.emmi-benchmarks.eu/emmi/complaint-form-portal.html>
  - <https://www.emmi-benchmarks.eu/emmi/euribor-whistleblowing-web-portal.html>
  - By addressing a report to EMMI’s Compliance officer: [compliance@emmi-benchmarks.eu](mailto:compliance@emmi-benchmarks.eu)

## Accountability

### 18. General principles

- BMR Annex 1** 104. Panel Banks should establish, implement and maintain policies for independent reviews of their compliance with Panel Bank obligations in relation to EURIBOR contributions.

- BMR Annex 1** 105. Such reviews should include:
- RTS 15, 4.4**
- monitoring of input data and review of the contribution process by independent Risk Management and/or Compliance functions on a regular basis;
  - review of the systems and controls concerning the contribution of input data at least annually;
  - review by an external auditor according to section 21 below at least every two years;
  - review by the Panel Bank's Internal Audit function according to section 20 below at least every two years, provided that either an internal audit, an external audit or both are conducted each calendar year.
106. Reports of the findings of the reviews, recommendations and follow-up actions should be made to senior management.
- BMR 15, 2(d)** 107. Any material issues arising from the reviews including any material findings from the internal and external audits, as determined by the senior executive responsible for the review, should be reported on a timely basis to EMMI and to the Panel Bank senior management so that mitigating actions can be taken. In particular, where a review uncovers material breaches or unethical behaviors in the contributions process, EMMI and the competent supervisory authority should be immediately informed.
- RTS 15, 7**
108. EMMI shall have the right to commission an external audit of one or more Panel Bank's EURIBOR contributions activities if EMMI has reasonable grounds to believe that the integrity of the EURIBOR benchmark is being compromised as a result of such activities.

## 19. Monitoring

- BMR Annex 1** 109. The Panel Bank's independent Risk Management, Compliance or equivalent function should monitor contribution activities for conformity with the COPB, BDM, applicable regulation – in particular BMR – and other internal controls.
- RTS 15, 4.4**

## 20. Internal audit

110. The Panel Bank's Internal Audit function should evaluate that the Panel Bank has in place internal processes and procedures in accordance with the COPB and BDM, and that these are fully implemented. It shall monitor and evaluate the effectiveness and efficiency of internal controls, risk management and governance systems.
- RTS 15, 4.4** 111. The Internal Audit should also review and validate all policies, procedures and operating processes relating to EURIBOR contributions. Internal Audit may conduct

such reviews as part of broader audits within the Panel Bank, but should ensure that the reviews are appropriately focused on the detailed contributions activities.

112. The reviews should include random sample testing of at least five days complete contribution processes. The reviews should also cover a sampling of communications of staff involved in the contribution process.

## 21. External audit

- BMR Annex 1** 113. An external audit of the input data of a Panel Bank, compliance with the COPB and BMR requirements for supervised Panel Banks shall be carried out for the first time six months after the introduction of the COPB, and subsequently every two years.
- BMR Annex 1** 114. The external audit report provided to EMMI should at minimum include an executive summary, an overall opinion of the independent auditors regarding Panel Bank's compliance with the COPB and BMR requirements for supervised Panel Banks, and a summary of any issues highlighted by the independent auditors that impede compliance with the COPB and BMR requirements.
- BMR Annex 1** 115. This review may be conducted as part of the Panel Bank's regular external audit or equivalent, but should ensure that the review is appropriately focused on the detailed contributions processes and that a separate report of the review is produced. The review may be conducted by the Panel Bank's appointed external auditor or other party with expert knowledge of benchmark-related and audit processes.
- BMR Annex 1** 116. The independent auditor should provide the report of the review to the Panel Bank senior management and to EMMI. The communication of material findings should be made to other parties, as detailed in paragraph 107 of this COPB.