

Press release

11 May 2021

Private sector working group on euro risk-free rates publishes recommendations on EURIBOR fallbacks

- Working group recommendations should help EURIBOR users comply with EU Benchmarks Regulation fallback obligations
- Key milestone reached with publication of recommendations as working group enters new phase and secretariat passes from ECB to ESMA

The private sector working group on euro risk-free rates has today published its [recommendations](#) addressing events that would trigger fallbacks in EURIBOR-related contracts, as well as €STR-based EURIBOR fallback rates (rates that could be used if a fallback is triggered). While there is currently no plan to discontinue EURIBOR, the development of more robust fallback language addresses the risk of a potential permanent discontinuation and is in line with the EU Benchmarks Regulation (BMR). The valuable feedback from the [two market-wide consultations](#) on the draft recommendations has been taken into account in the final recommendations.

As with similar fora in other currency areas, the working group's recommendations are not legally binding for market participants. They do, however, provide guidance and represent the prevailing market consensus on EURIBOR fallback trigger events and €STR-based fallback rates, which market participants may consider in their contracts.

The decision approving these recommendations was unanimous.

Now that the working group on risk-free rates has delivered the last of its predefined deliverables, it will focus more on monitoring benchmark rate developments in general. It has been decided that the secretariat will move to the European Securities and Markets Authority (ESMA), which, as provided for in the BMR, will supervise the administrator of EURIBOR as of 2022. This means that the working group's publications will, from now on, be available on ESMA's website. Communication aspects (media enquiries, newsletter, etc.) will also be taken over by ESMA.

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Notes

- Fallbacks deal with the risk that a benchmark rate used in a financial contract becomes unavailable and that the benchmark rate used “falls back” to another rate. Under the EU Benchmarks Regulation, users of benchmarks are required to have fallback arrangements in their contracts.
- The working group on euro risk-free rates, for which the European Central Bank (ECB) currently provides the secretariat, is an industry-led group established in 2018 by the ECB, the Financial Services and Markets Authority, ESMA and the European Commission. Its main tasks are to identify and recommend alternative risk-free rates and transition paths (see [Terms of reference](#)). The secretariat of the group will pass from the ECB to ESMA on 11 May 2021.

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