



SPOTLIGHT ON MARKETS

MAY 2021 N°24

ESMA takes lead on Working Group on Euro Risk Free Rates

WORKING GROUP ON EURO RISK FREE RATES

On 11 May 2021, ESMA took over the helm of the Working Group on Euro Risk Free Rates. Have a look to learn about its activities, aims and organisational structure.

PUBLICATIONS

Your one-stop-shop information source in the world of financial markets brings together the latest reports, proposals and statements.

THE MONTH AHEAD

The speaking appearances of ESMA staff in June cover topics like Libor, Digital Reporting, Financial Innovation, Risk Management and Benchmarks.

IN THIS ISSUE

On 28 May, we said goodbye to Verena Ross, our Executive Director for the past 10 years. She has been a model for many, professional, approachable, and a powerful voice for women in finance. During its first decade, ESMA became a respected Authority and a place where people would like to work and develop thanks to the organisational culture she created.

On 1 June, Natasha Cazenave takes office as the new Executive Director of ESMA. Ms Cazenave said: "I am honoured by this appointment and eager to work with the members of the Board and ESMA's committed staff as the organisation begins a new phase of development." She was appointed by the ESMA Board of Supervisors on 20 May. More [here](#).

ESMA has taken over the helm of the Working Group on Euro Risk Free Rates from the ECB. This month's issue is taking a closer look at the Working Group and its structure, activities and aims.

Key publications from May include the Call for evidence on Digital Finance, ESMA's proposal to lower the reporting threshold for net short positions to 0.1% on a permanent basis, the Guidance on funds' marketing communication, the Guidelines on the calculations on positions under SFTR, several consultations and our response the ESAs consultation. More information on the latter down below.

A full overview of all publications can be found in the newsletter, together with information on next month's speaking appearances of ESMA staff, consultations closing in June, and vacancies. For updates, follow us on [Twitter](#) and [LinkedIn](#) to stay up to date with our full range of initiatives.

ESMA IN MAY

FOCUS OF THE MONTH 3

ESMA TAKES LEAD ON WORKING GROUP ON EURO RISK FREE RATES



ESMA RESPONDS TO EUROPEAN COMMISSION CONSULTATION ON THE ESAS 5

PUBLICATIONS 6

THE MONTH AHEAD: JUNE

SPEAKING APPEARANCES 7

CONSULTATIONS 10

OPEN VACANCIES 11

CONTACT INFO 12

ESMA TAKES LEAD ON WORKING GROUP ON EURO RISK FREE RATES



On 11 May 2021, the European Securities and Markets Authority took over the helm of the Working Group on Euro Risk Free Rates. Before that, the ECB provided the group's secretariat from its establishment in 2017 until 11 May 2021.

What does the Working Group on risk-free rates do?

The purpose of the Working Group is to enable a smooth transition from EONIA to the €STR.

To that end, the working group on risk-free rates aims to identify and recommend risk-free rates that could serve as an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area, such as the euro overnight index average

(EONIA) and the euro interbank offered rate (EURIBOR).

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.

On 13 September 2018, the group recommended that the euro short-term rate (€STR) be used as the risk-free rate for the euro area.



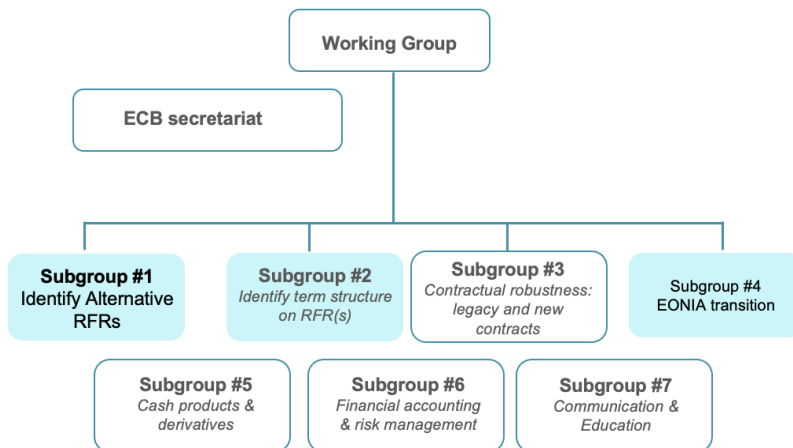
Click **here** to access its dedicated page.

How is the Working Group structured?

The group on euro risk-free rates was originally established in 2018 by:

- the European Central Bank
- the European Securities and Markets Authority
- the European Commission
- the Belgian Financial Services and Markets Authority

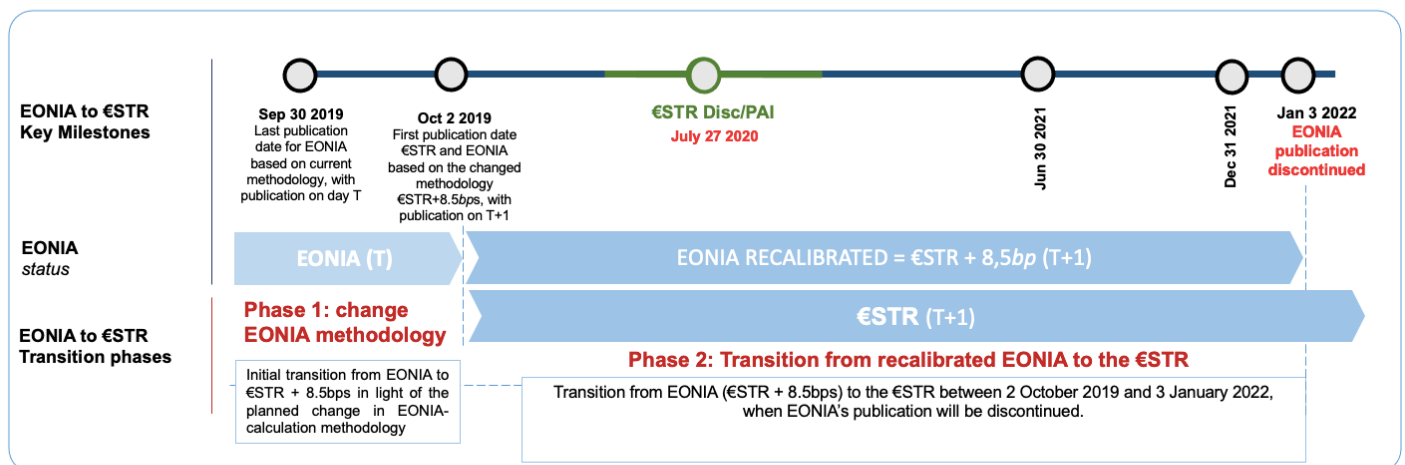
The working group on risk-free rates is a private sector working group in which the four public institutions have an observer status.



What are the aims of the Working Group?

- ▶ the transition from EONIA to €STR for a diverse range of financial products by the end of 2021
- ▶ informing, raising awareness and educating users about interest rates reform in the EU
- ▶ the timely adoption of EURIBOR fallback provisions by EU supervised entities
- ▶ identifying potential issues related to the impact of LIBOR discontinuation in the EU
- ▶ coordinating on cross currency issues with similar working groups in other jurisdictions
- ▶ the new Terms of Reference are under finalisation and will be published when finalised

Transition from EONIA to the €STR - Timeline



ESMA RESPONDS TO EUROPEAN COMMISSION CONSULTATION ON THE ESAS



On 26 May 2021, ESMA published its response to the European Commission’s targeted consultation on the functioning of the European Supervisory Authorities (ESAs).



[Click here](#) to read the response

The response reflects the views of the Board of Supervisors on some existing issues and limitations that could be addressed in the ESMA Regulation, and other relevant EU financial services legislation. This is based on ESMA’s experience in recent years, as well as its more limited experience on the use of the new tools and given to it in the last review of the ESAs, which was concluded in 2019.

The recommendations focus on:

- reinforcing ESMA’s approach to supervisory convergence
- considering the merits of EU level direct supervision
- building ESMA’s data capabilities
- ensuring the single rulebook remains fit-for-purpose
- alleviating funding issues

The recommendations put forward aim to support the objectives of the Capital Markets Union and further promote and facilitate supervisory convergence across Member States.

PUBLICATIONS



Click to read the news items

31
May
ESMA issues a negative opinion on an accepted market practice on liquidity contracts proposed by the French AMF

27
May
Consultation on synthetic securitisations RTS and amendments to STS templates

31
May
Results of the annual transparency calculations for non-equity instruments

26
May
ESMA responds to European Commission Consultation on the ESAs

28
May
New Q&As available

26
May
Consultation on commodity derivatives Technical Standards as part of MiFID II Recovery Package

28
May
Consultation on Guidelines for data transfer between Trade Repositories under EMIR and SFTR

26
May
Consultation on Disclosure Requirements for Initial Reviews and Preliminary Ratings

28
May
Updated opinion on reporting information under the AIFMD

25
May
Guidelines on the calculation of positions under SFTR

27
May
Guidance on Funds' Marketing Communications

25
May
Call for evidence on digital Finance

21
May
ESMA appoints Derville Rowland to chair the Investment Management Standing Committee

5
May
Updates Q&As relating to the Prospectus Regulation

20
May
ESMA appoints Natasha Cazenave as Executive Director

3
May
ESA'S Joint Board of Appeal dismissed by Societatea de Asigurare-Reasigurare City Insurance SA against the European Insurance and Occupational Pensions Authority

20
May
ESMA proposes lowering the reporting threshold for net short positions to 0.1% on a permanent basis

17
May
ESA's report on the implementation and functioning of the Securitisation Regulation

12
May
Consultation on ESMA's MiFID II/MiFIR Annual Report

7
May
Latest double volume cap data

7
May
ACRA Europe's CRA registration withdrawn

7
May
Updated opinion on ancillary activity calculations

 Missed any ESMA publications? Check out [the full list](#) of news items on our website.



SPEAKING APPEARANCES

by ESMA staff in June

	EVENT	ORGANISER	SPEAKER
3 June	Benchmark Strategies Forum	International Swaps and Derivatives Association	Michele Mazzoni
4 June	2021 IFRS Foundation Virtual Conference	International Financial Reporting Standards	Anna Sciortino
9 June	Annual Conference Cloud Computing in the financial sector	Relevant	Anne Chone
15 June	3rd CNMV Conference on the state of play interest rate benchmarks reform	CNMV	Iliana Lani
15 June	European Risk Management Conference	ALFI	Kian Navid
16 June	Annual FIMA conference	FIMA	Nikolay Arnaudov

23
June

EMEA Trading Conference

FIX Trading Community

Fabrizio Planta

30
June

The Network Forum
Virtual Annual Meeting

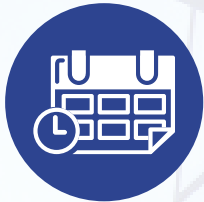
The Network Forum

Klaus Loeber, Chair,
CCP Directorate

CONSULTATIONS



Closing



11/06/21

CONSULTATION PAPER ON THE
RTS 2 ANNUAL REVIEW



30/06/21

CONSULTATION ON EU MONEY
MARKET FUND REGULATION -
LEGISLATIVE REVIEW

The full list of consultations and reply forms
can be found on the [ESMA consultations page](#)





OPEN VACANCIES

POSITION

DEADLINE

Traineeship notice – Legal profile (F/M)

Open call
(without a specific deadline)

Traineeship notice – Transversal profile (F/M)

Open call
(without a specific deadline)

Traineeship notice - Financial Markets Profile (F/M)

Open call
(without a specific deadline)

All open vacancies can be found on [ESMA's recruitment portal](#)



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