



Law

## Feedback from: European Association of Public Banks, EAPB

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**Submitted by**

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**User type**

Business association

**Organisation**

European Association of Public Banks, EAPB

**Organisation size**

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**Country of origin**

Belgium

**Initiative**

[Interest rates – Statutory replacement rate for the EONIA benchmark \(/info/law/better-regulation/have-your-say/initiatives/13120-Interest-rates-Statutory-replacement-rate-for-the-EONIA-benchmark\\_en\)](#).

The EAPB welcomes the Commission's initiative to replace EONIA by statutory means since it will not be possible to convert all EONIA references in contractual relationships and instruments by the deadline. The Implementing Act will ensure the necessary legal certainty and also prevent market distortions. The proposed replacement of the EONIA by the €STR plus the spread adjustment of 8.5 basis points in all relevant contracts is clear, consistent and a transparent solution.

Minor adjustments and further clarifications could be considered to improve the effectiveness of this statutory replacement and prevent uncertainties and misunderstandings. The date of application of the EONIA replacement should be moved forward to 1 January 2022 to eliminate any time gap between the date of the statutory replacement becoming applicable and the formal ending of the deadline for the use of EONIA. Any time gap between the two dates could cause confusion and uncertainties over the implications. In addition, the statutory replacement should not prevail over any replacements or fallback provisions agreed by the contracting parties. This already follows from Art. 23b(3) but a corresponding legal clarification would prevent any uncertainty or misconception in the markets and also serve as a further encouragement to market participants to implement necessary replacements and fallback provisions, including for other IBOR rates.

The Implementing Act will nevertheless play an essential role for those instruments and contractual relationships that could not be converted in time. A timely finalisation of the adoption procedure would therefore be very welcome.

Similar challenges may exist with regard to other IBORs but may merit more differentiated approaches.

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