

## Press release

12 November 2019

# Working group on euro risk-free rates recommends fallback arrangements for users of €STR

- Working group has assessed different fallback arrangements for products referencing €STR, the new overnight euro risk free rate
- Working group recommends market participants to consider existing methodological review procedures of €STR and the policies and procedures in case of the possible cessation of the €STR, along with fallback provisions provided in the EONIA to €STR Legal Action Plan, as sufficient contingency to serve as fallback measures for €STR

Today, the private sector working group on euro risk-free rates has published [a report on €STR fallback arrangements](#). The report explains that the working group has assessed two options for possible fallback arrangements for €STR products.

Based on the assessment the working group has decided to recommend that market participants consider the measures that might be taken by the ECB as part of the regular review of the €STR methodology, as well as the policies and procedures to be followed in the event of the possible cessation of the €STR, along with the fallback provisions provided by the working group in the [EONIA to €STR Legal Action Plan](#). The working group is of the opinion that this combination will provide sufficient contingency as fallback measures for the €STR.

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### Notes

The working group on euro risk-free rates, for which the European Central Bank (ECB) provides the secretariat, is an industry-led group established in 2018 by the ECB, the Financial Services and Markets Authority, the European Securities and Markets Authority and the European Commission. Its main tasks are to identify and recommend alternative risk-free rates and transition paths. On 13 September 2018 the working group recommended the €STR as the new euro risk-free rate. The €STR reflects the wholesale euro unsecured overnight borrowing costs of euro area banks and is produced by the ECB.

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