

Transition from EONIA to the euro short-term rate (€STR)

Eurex Clearing Circular 071/2019 Transition from EONIA to the euro short-term rate (€STR)

1. Introduction

In September 2018, the ECB-organised private sector working group on euro risk-free rates recommended that the euro short-term rate (€STR) replaces the euro overnight index average (EONIA) as the new euro risk-free rate. The €STR rate will be first published on 2 October 2019 by the ECB. At this time, EONIA's methodology will be recalibrated as €STR plus a fixed spread of 8.5 basis points.

This circular outlines changes and future steps envisaged to support and facilitate a successful transition from EONIA to €STR for Eurex Clearing, its Clearing Members and their clients.

2. Required actions

The change of the risk-free rate from EONIA to €STR has effects across different products. Consequently, all Clearing Members and their clients as well as any vendor systems used must analyse their impacts. Eurex Clearing is aware of its responsibility and special role in a successful euro transition process and has started to implement the measures outlined in the attachment.

Further detailed information and documentation updates will be provided via Eurex Clearing's circulars and Newsflashes and made available on the Eurex Clearing website www.eurexclearing.com and in the Member Section.

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3. Details of the initiative

Eurex Clearing's timeline to support a successful transition from EONIA to €STR across products and services is as follows:

- 1. EONIA publication lag from T to T+1 implemented across products and services**
Production start: 1 October 2019 – Simulation start: First week of September 2019
- 2. Extend clearing eligibility to €STR-linked products (e.g. clearing of €STR swaps)**
Production start: 18 November 2019 – Simulation start: 9 October 2019

3. **Additional Member reports for EUR OTC IRS trade values based on €STR discounting (reports are just for information purposes and not required for reconciliation)**
Production start: 18 November 2019 – Simulation start: 9 October 2019
4. **Changes to the Clearing Conditions of Eurex Clearing AG to increase contractual robustness with regard to certain index cessation events**
(to be announced separately before October 2019)
5. **Initiate a dialog and consultation around the process to transition from an EONIA-base discounting regime to an €STR-based discounting regime and the evolution of EONIA Overnight Index Swaps (OIS)**
(2019 and 2020)

The planned measures for EurexOTC Clear and Eurex Repo market are outlined in the attachment.

Unless the context requires otherwise, terms used and not otherwise defined in this circular shall have the meaning ascribed to them in the Clearing Conditions or FCM Clearing Conditions of Eurex Clearing AG, as applicable.

Attachment:

- [Eurex Clearing's measures with regard to the transition from EONIA to €STR](#)

Recipients: All Clearing Members, FCM Clearing Members, Basic Clearing Members, Disclosed Direct Clients of Eurex Clearing AG, vendors and other affected counterparties

Target groups: Front Office/Trading, Middle + Back Office, IT/System Administration, Auditing/Security Coordination

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