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Vice-President of the European Commission

Mr. Steven van Rijswijk
Chair of the working group on euro risk-free rates
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Brussels,
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Dear Mr. van Rijswijk,

I would like to thank you, and the entire Working Group on euro risk-free rates, for your letter dated 2 July 2019.

We recognise the importance of improving the robustness of contracts to benchmark-related contingencies. To this end, the benchmark regulation introduced a specific requirement for benchmark users to draw up contingency plans. For those contracts which are not subject to the Benchmark regulation, such as the majority of OTC derivative contracts, the Commission subscribes to the international guidance put forward by the FSB OSSG and IOSCO, and supports the introduction of fall-back provisions nominating an alternative reference rate.

For existing contracts, the question of increasing contractual robustness is especially relevant, since a number of these contracts are linked to rates, such as EONIA, that are likely to disappear before the contract reaches its term. For these contracts, too, we believe it is important that parties to the contract take the necessary measures to ensure the contract's continuity.

We agree that regulation should not be perceived as standing in the way of contractual continuity, and we are working with national and European supervisors to provide market participants with clarity in this regard.

Yours sincerely,



Valdis Dombrovskis