



European Securities and
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Sub-Group on Contractual Robustness

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Terms of Reference and Mandate of the Sub-Group

- Terms of Reference: ESMA will coordinate a sub-group for retail contracts that will identify alternatives for term structured benchmarks.
- All work streams have been aligned to achieve consistency for all products (RFR, legal framework and term structures).
- Proposed amended mandate of the sub-group: cover contractual issues for legacy contracts and contract robustness for new contracts – for all products.



Draft Deliverables (I): Legacy Contracts

- Define a path to amend legal frameworks (as identified by mapping exercise under work stream 1), where appropriate, to ...
- ... embed RFRs (and spreads/term structures) in existing contracts referencing EONIA and Euribor ...
- ... by assessing legal possibilities of contract amendment in Member States (including through bilateral documentation, multilateral protocols and, potentially, legislation) and adopt proposals for such amendments.



Draft Deliverables (I): Legacy Contracts

- Conduct an impact analysis of proposed legal amendments, taking into account wholesale and retail users in all relevant products.
- Promote the proposals for amendments including through clear and timely communication to the public.



Draft Deliverables (I): New Contracts

- Promote the implementation of identified RFR (and term structures) in new contract through documentation and templates, recommendations as fallbacks under Article 28(2) BMR and, where appropriate, through legislation.
- Consider clear and timely communication on the use of appropriate interest rate benchmarks to reduce consumer and financial stability risk (“multiple rate approach”).



Next Steps

- José Manuel González-Paramo (BBVA) will chair the sub-group, ESMA will provide the secretariat.
- End of February: Call for candidates will be launched (for all sub-groups), focus on legal and market expertise and geographical and product diversity.
- Mid-April: inaugural in-person meeting, agree on roadmap(s), with a clear priority for legacy contracts.
- Mid-May: present roadmap(s) to the Working Group for adoption.