

ECB Announces Euro Short-Term Rate Start Date and Recommendations on Transition From EONIA

Friday, March 22, 2019

On March 14, the European Central Bank (ECB) working group on euro risk-free rates published recommendations on transitioning from the euro overnight index average (EONIA) to the euro short-term rate (€STR). The ECB's recommendations include the following:

1. market participants should gradually replace EONIA with €STR for all products and contracts, making €STR their standard reference rate once the period of transitioning to the €STR ends at the end of 2021;
2. EONIA's administrator, the European Money Markets Institute, should modify the current EONIA methodology to become €STR (plus a spread) for a limited period of time, allowing market participants sufficient time to transition to €STR; and
3. market participants should make all reasonable efforts to replace EONIA with €STR as a basis for collateral interest for both legacy and new trades with each participant's counterparties (clean discounting).

The ECB also published a press release announcing that it will start publishing the €STR as from October 2, reflecting the trading activity of October 1.

The ECB's recommendations are available [here](#).

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