

# Recommendation from the Working Group on Euro Risk-Free Rates on the availability of derivative products referencing €STR

## Background

Under the revised [Terms of Reference](#) for the Working Group on Euro Risk-Free Rates published in February 2022, the updated mandate includes “Fostering the use of €STR in a diverse range of financial products” as well as “Identifying potential impediments to the timely adoption of EURIBOR fallback provisions by EU supervised entities and putting forward recommendations and best practices to assist in overcoming such impediments”. This document details a recommendation relating to the availability of derivative products referencing €STR, particularly those that will be utilised for the purpose of calculating and publishing a forward-looking term €STR rate in order to support the adoption of EURIBOR fallback.

## Recommendation

For all market making institutions, we recommend that all reasonable steps are taken to make derivatives referencing the €STR benchmark available to customers. These may include (but are not limited to) the adoption of derivative products onto relevant platforms and market infrastructure; and the provision of pricing referencing both €STR and EURIBOR when discussing product options with customers.

For all market participants transacting in derivatives referencing Euro denominated benchmarks, we recommend assessing whether €STR would be a suitable benchmark for your needs and where relevant, taking the necessary steps to be able to transact accordingly, including the adoption or development of the necessary infrastructure.

Whilst these recommendations apply to derivatives referencing Euro denominated benchmarks, we would note that the further development of €STR in products that are utilised as inputs into the calculation and provision of €STR term rates, will contribute to a more robust forward looking term version of €STR that can also be utilised in the adoption of the €STR based fallback [recommendations](#) published 11 May 2021.

Lastly, we would like to remind market participants that backward looking rates such as compounded €STR average rates are already available for all products including loans, bonds and other cash instruments.