Statistical framework for defining the long-term interest rates

Ref.	Concept	Recommendation
1	Bond issuer	The bond should be issued by the central government.
2	Maturity	The maturity should be as close as possible to ten years' residual maturity. Any replacement of bonds should minimise maturity drift.
3	Coupon effects	No direct adjustment.
4	Taxation	Gross of tax.
5	Choice of bonds	The applied bonds should be sufficiently liquid. This requirement should determine the choice between benchmark or sample approaches, depending on national market conditions; special feature bonds are to be omitted; national central banks keep the ECB and the Commission informed about the choice of bonds.
6	Yield formula	The "yield to maturity" ISMA formula 6.3 should be applied.
7	Aggregation	Where there is more than one bond in the sample, a simple average of the yields should be used to produce the representative rate.