

D0431D-2014

AG/LM

**Minutes of the STEP Market Committee  
EMMI premises, Brussels, 27<sup>th</sup> October 2014**

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**Final Minutes**

**OPENING AND WELCOME**

The chairman welcomed the participants (see enclosure 1) and introduced the newcomers to the STEP Market Committee meetings:

- Mr Dino FABBRO (new EIB member of the Market Committee)
- Mr Antonio MORENO and Mr Vivien PETIT from the ECB statistics team who replace Ms Sandrine CORVOISIER.

Mr Ravoet acknowledged that there were enough voting members present in the meeting.

**1. SECRETARIAT REPORT ON STEP LABELLING**

Mr GIL from the STEP Secretariat made a quick presentation on the current STEP situation (see enclosure 2). From the Secretariat perspective, STEP remains quite stable. So far, we had 12 new programmes and 12 withdrawals over 2014. The number of programmes remains therefore at 171 as per last meeting.

Monetary financial institutions account for the bulk of STEP issuers (65% in number of issuers; 86% in terms of the outstanding amounts issued under a STEP labelled).

**2. ECB REPORT ON STEP STATISTICS**

Mr PETIT presented the evolution of the STEP Market over the past months (see enclosure 3).

The main developments can be summarized as follows:

- a. After important decreases at the end of 2013, outstanding amounts have gradually increased in 2014 to reach 409.5 EUR billions in September 2014. The levels are nonetheless generally lower than in 2012 and 2013.
- b. The share (in terms of outstanding amount) of Euro-denominated STEP-labelled securities over the Euro-denominated worldwide short term securities shows a light decrease over the last year.

- c. The general governments sector still increasingly issues debt securities on the STEP market (reaching now almost 9% of total issuance).
- d. The share of Euro-denominated STEP securities decreased over the last months, whereas securities denominated in USD proved to be more attractive.
- e. Yield developments were in line with benchmarks (Eonia or Euribor) over the last months.

The Committee Members asked about the ratio of STEP labelled paper over the European Money Market. A novelty was identified with previous reporting due to the inclusion of treasury bills in the overall European Money Market volume. The latter were included to increase the comparability since governments issue more on the STEP market than some years ago (see points b and c above)

As regards Mr PETIT's comments on the volume of securities issued in US dollar (point d above), committee members discussed some potential explanations.. The current environment of negative interest rates explains that issuances in US are more attractive than in Euro. Some members confirmed that they can also observe movements that would confirm this trend in the FX swap market. Furthermore, Mr SCHNEIDER informed that the documentation of some programmes does not allow issuances under a negative interest rate environment<sup>1</sup>.

The participants asked questions about the end of quarter spikes in the new charts on yield developments. For maturities below one month, it makes sense and the spikes do correspond to end of maintenance periods or end of accounting exercise. Conversely, for the volatility in longer maturities (1-3months), no clear explanation was agreed.

Mr PETIT informed that Monte Titoli, Italian eligible SSS (belonging to the London Stock Exchange group) in the STEP Market, has started to share information with the ECB. The test phase is currently open and the SSS has been very collaborative in the process. The joint work with Monte Titoli focuses now on putting in place their automatic daily reporting to the ECB.

The ECB has started to produce yield curves for internal use only deriving spot rates from estimated yield curves. It should be noted that being based on a different methodology, the outcome of the estimations does not necessarily provide consistent results with the yield statistics that are currently published but a way to complement them. Therefore, the product will not be distributed and remains for ECB internal use only. Public disclosure could be studied at a later stage.

Finally, Mr PETIT informed the participants about the development of a new distribution method for the STEP Statistics. By publishing XML files on the ECB website at the same time than csv files, statistics could be integrated in the data feed of Financial Information Vendors such as Thomson Reuters or Bloomberg. The XML files will soon be made available.

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<sup>1</sup> This feature being independant from the STEP label.

### 3. CLARIFICATIONS TO THE STEP MARKET CONVENTION

The Secretariat has identified 8 areas of improvement that were submitted for discussion to the members of the STEP Market Committee:

- Rating
- Maturity of the issuances
- Currency of the issuances
- Auditors
- Language of the documents
- Disclaimer
- Other changes (name change of the signatories of the convention to EMMI and ACI FMA)
- Procedure change (regarding annual reports)

Mr GIL presented the different alternatives for each section.

#### Rating

The participants agreed on the fact that the use of letters provided by rating agencies is not adapted to the current environment as it creates a mechanical dependence and underlined that letters are statics and not always accurate. Conversely, the use of hyperlinks seems more reasonable as it makes the information more dynamic.

In practical terms, the information ‘rated’ or ‘not rated’ will remain within the Information Memorandum (cover page and template). When the programme will be rated, the name(s) of the rating agency(ies) having rated the programme will have to be specified. The mention of the rating(s) of the programme will be optional. A disclaimer will stipulate that the rating is dated from the date of the Information Memorandum (or its relevant Supplement) and will invite the investor to check the accurate rating(s) with the rating agency(ies) at any time.

The disclaimer to be included in the information memorandum will state that: “*Ratings can come under review at any time by the rating agencies. Investors shall refer to the relevant rating agencies in order to have access to the latest ratings*”. (not final)

However, it will be required that the Information Memorandum contains a webaddress (with an hyperlink) to the rating agency(ies) database(s) for more convenience. Additionally, the relevant contact details of the rating agency(ies) should be provided in the supplement information in order to allow any user to directly check the information even if the hyperlink does not work.

The participants agreed to mandate the STEP Secretariat to engage contacts with rating agencies to inform them about this policy change as soon as possible.

#### Maturity of the issuances

The STEP Secretariat accepts documents for programmes covering issuances with a maturity longer than 1 year. The condition to do so is that the issuances with a maturity shorter than 1 year must be clearly separated from the issuances with a longer maturity.

In order to cover this reality under the Market Convention, the STEP Secretariat proposed the wording of section 1.6 of the Convention with the following paragraph.

*In case of a programme which is divided in categories based on maturities with one category of notes which may be issued with a maximum initial maturity of one year and another category of notes which may be issued with a maximum initial maturity of more than one year, the STEP label will apply only to the notes issued under the category with a maximum initial maturity of one year. Unless the context requires it otherwise, all references to Notes and programmes in this Convention (with exception of this Article 1.9) shall be deemed to be, in relation with this programme divided in categories based on maturities, references to such category of notes issued with a maximum initial maturity of one year and the relevant parts of the programmes relating to such notes, respectively. Consequently, the STEP statistics will only cover such notes issued within the category with a maximum initial maturity of one year.*

#### Currency

The members of the STEP Market Committee considered that no amendment to the convention is required regarding currencies. Issuances in CNH are not problematic under the current wording as they are accepted by authorities.

#### Auditors

The Members of the STEP Market Committee agreed to delete the word “independent” from the STEP template.

#### Language of the documents

The members of the STEP Market Committee accepted to include a recommendation regarding the use of a language commonly accepted on financial market (English) in all the STEP documents.

#### Disclaimer

As the users of the STEP Directory can download any Information Memoranda directly from the website, a notice should be included for the users of the document. The notice should be as follows: “please, read an important disclaimer on the STEP website regarding the use of this document (<http://www.stepmarket.org/directory/disclaimer.html>)” in order to clearly set the basic rules in the use of the STEP documents.

Legal advice was required by some members regarding the implications of such notice.

#### Other Changes

Changes regarding of the template were accepted. Following the name change of Euribor EBF into EMMI, the mentions to Euribor EBF will be updated to European Money Markets Institute (EMMI). Similarly, Mr HEBEISEN informed the participants that ACI could study a change of the signatory entity from Euribor ACI to ACI FMA.

#### Procedure change

For those issuers that publish their annual reports on their corporate website, a link to this generic repository will be provided. For those issuers that do not have such facility, pdf copies of their annual statements will be provided to the secretariat and published directly through the STEP Directory.

## **4. MARKETING OF THE STEP LABEL**

Mr HEBEISEN gave a presentation on the preliminary findings of the marketing research in order to promote the STEP label .

Before starting his presentation, Mr HEBEISEN pointed out that being hired by the STEP Secretariat as project manager on a consultancy basis could be perceived as a conflict of interest between his consultancy appointment and his duties in the STEP Market Committee. Hence, he proposed to temporarily step down from its Market Committee membership in order to avoid such conflict. Mr TALLEI confirmed the concern about the dual role of Mr HEBEISEN and he explained that his preferred option would be to set up a task force within the STEP Market Committee. However, the creation of a task force was not supported by the other members of the STEP Market Committee. Mr RAVOET explained that he saw no conflict of interest as far as Mr HEBEISEN would not be involved in voting decisions that could directly affect him. Nevertheless, for the avoidance of doubt Mr HEBEISEN confirmed that he will step down from the STEP Market Committee during the execution of the consultancy task and this was accepted by the STEP Market Committee.

Mr Schneider explained that momentum has been lost, as the initiative is known by all potential issuers but it only captures a portion of the market. For instance, updates are seen as an unnecessary burden as some issuers only update their regular ECP programmes (non-STEP) once every 10 years. Mr HEBEISEN reminded that the initial purpose of STEP was effectively to ensure a level of quality of information and that the regulatory update was a significant pattern of this quality. Mr

Schneider agreed on the need to find a new rationale to explain the key arguments. Furthermore, in Mr SIMEON's opinion, the features of STEP are not enough understood by investors and regulators.

Mr BILLOT explained that the publication of STEP information on Bloomberg (or other information vendors) would provide greater visibility regarding investors. Regarding regulators, they should be introduced to the STEP concept as a new regulation for money market funds is currently under discussion.

Mr HEBEISEN explained that during the crisis, on some CP markets biased information circulated because it was transmitted by one actor to another without market infrastructures allowing to check consistency. This was not the case on markets as STEP or French TCNs. This point was highlighted by Mr SIMEON. He insisted on the good timing to make regulators, and more specifically ESMA, more aware about the benefits of STEP.

Mr PETIT explained that the new XML files provided by the ECB after the current test phase will enable information vendors to harvest STEP information and integrate to their data feed to clients. Mr HEBEISEN explained that it is important to promote the demand of STEP among potential users to speed up the development of this service by information vendors. Mr MORENO proposed the STEP Secretariat to approach the information vendors to offer this new feature.

Mr SCHNEIDER explained that the promotion of the STEP label was only issuer driven so far and the cited ideas were promising alternatives to promote the label. Mr RAVOET confirmed the availability of EMMI premises to invite some representatives of the key players to discuss further ways to promote the label during December.

## **5. UPDATE ON THE STEP+ INITIATIVE**

Mr RAVOET explained the current status of the STEP+ Initiative. After the STEP+ Steering Committee on 11 September, ACI called to slow down the pace. The project was perceived to be growing too complex and the value of each feature was not entirely understood by some participants. The STEP+ project stakeholders are currently trying to identify which areas are not well understood or rejected by some participants.

A STEP+ Survey is under preparation for that purpose. The objectives of that survey, its scope of participants and the expected outcome is completely different from the marketing activities presented previously. Based on its results, the STEP+ project stakeholders will reinforce the communication effort or revise the scope of the project.

Furthermore, STEP+ will benefit from an initiative aiming at developing STEP both on its recognition by authorities and market participants and users. Therefore, the STEP+ Survey and the STEP marketing plan are complementary activities.

## 6. END OF MANDATE OF THE MEMBERS

Mr RAVOET explained that the 2 years mandate of the Market Committee members will come to an end by the end of 2014. The basic rules for the composition of the Market Committee are as follows:

- The STEP Market Committee shall consist of 12 voting members (currently 1 member nominated by EACT is still to be appointed).
- The Secretary General of EMMI is a member ex-officio and Chairman of the STEP Market Committee.
- **Six** voting members, including the Secretary General of **EMMI**, shall be appointed by the General Assembly of EMMI and **six** shall be appointed by the General Assembly of **Euribor ACI**.

Members were invited to show their interest to be reappointed until the end of 2016. The EMMI Secretariat will follow the above mention procedure at the next general assembly and ACI will be contacted to do similarly. The STEP secretariat will contact the members to confirm their willingness to renew their mandate and will look for replacements if required.

## 7. ANY OTHER BUSINESS

The Banque de France informed on possible change on their side regarding the template they provide for issuance. They will keep the STEP Secretariat updated on any changes in order to ensure the compatibility between the respective requirements of French regulation and the STEP label.

## 8. DATE AND PLACE OF THE NEXT MEETING

The STEP Secretariat will send a tentative calendar for 2015.

### Enclosures:

1. D0288B-2014-19th STEP MC Meeting-list of participants
2. D0391A-2014\_ITEM 1 STEP Secretariat Reporting October 2014
3. ITEM 2 - ECB STEP presentation 27 October 2014 - Vivien Petit

**19<sup>th</sup> STEP MARKET COMMITTEE MEETING  
- Brussels, 27 October 2014, 10.30 CET -**

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**List of participants**

**Chairman**

Mr Guido RAVOET STEP Secretariat

**Members**

Mr Marnix BRUNING ING Bank (via teleconference)  
Mr Fabrizio TALLEI Intesa Sanpaolo  
Mr Philippe BILLOT Pictet Gestion  
Mr Patrick SIMEON Amundi  
Mr Franck HEBEISEN Independent Expert  
Mr Dino FABBRO European Investment Bank  
Mr Michael SCHNEIDER DZ Bank  
Mr Richard HOULT UBS (via teleconference)

**Non-voting members**

Mr Vivien PETIT European Central Bank  
Mr Antonio MORENO European Central Bank  
Mr Mark BÜSSING-LÖRCKS ECB (via teleconference on behalf of Benjamin Sahel)

**Observers**

Ms Emmanuelle TRICHET Banque de France  
Mr Alain PREDOUR Banque de France

**STEP Secretariat**

Ms Antonio GIL BONET STEP Secretariat  
Ms Laura MICHEL STEP Secretariat

**Apologies**

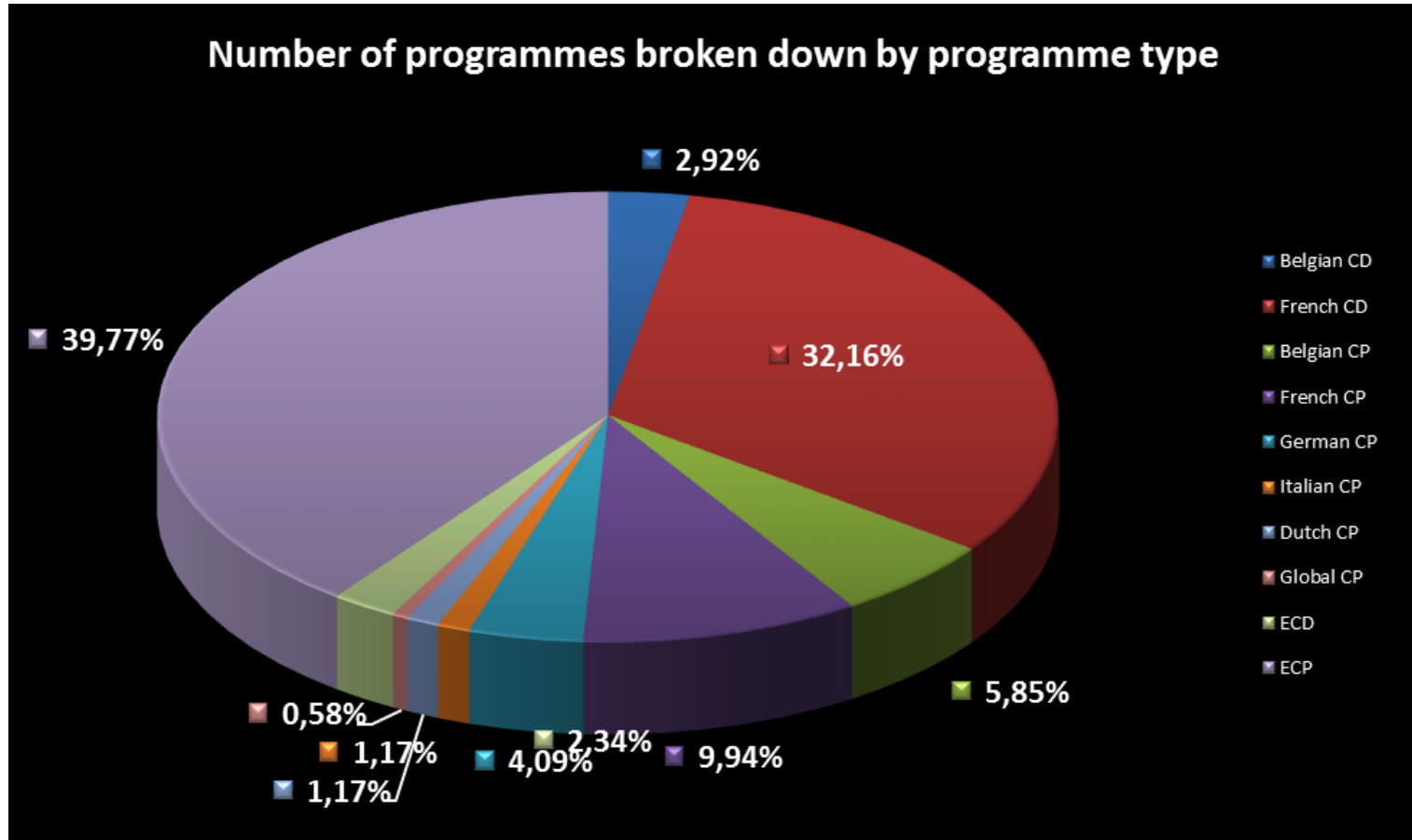
Mr Jonahtan CURRY HSBC Global Asset Management  
Mr Benjamin SAHEL ECB  
Mr Carlos MUNIZ MORELL Santander Global Banking Markets



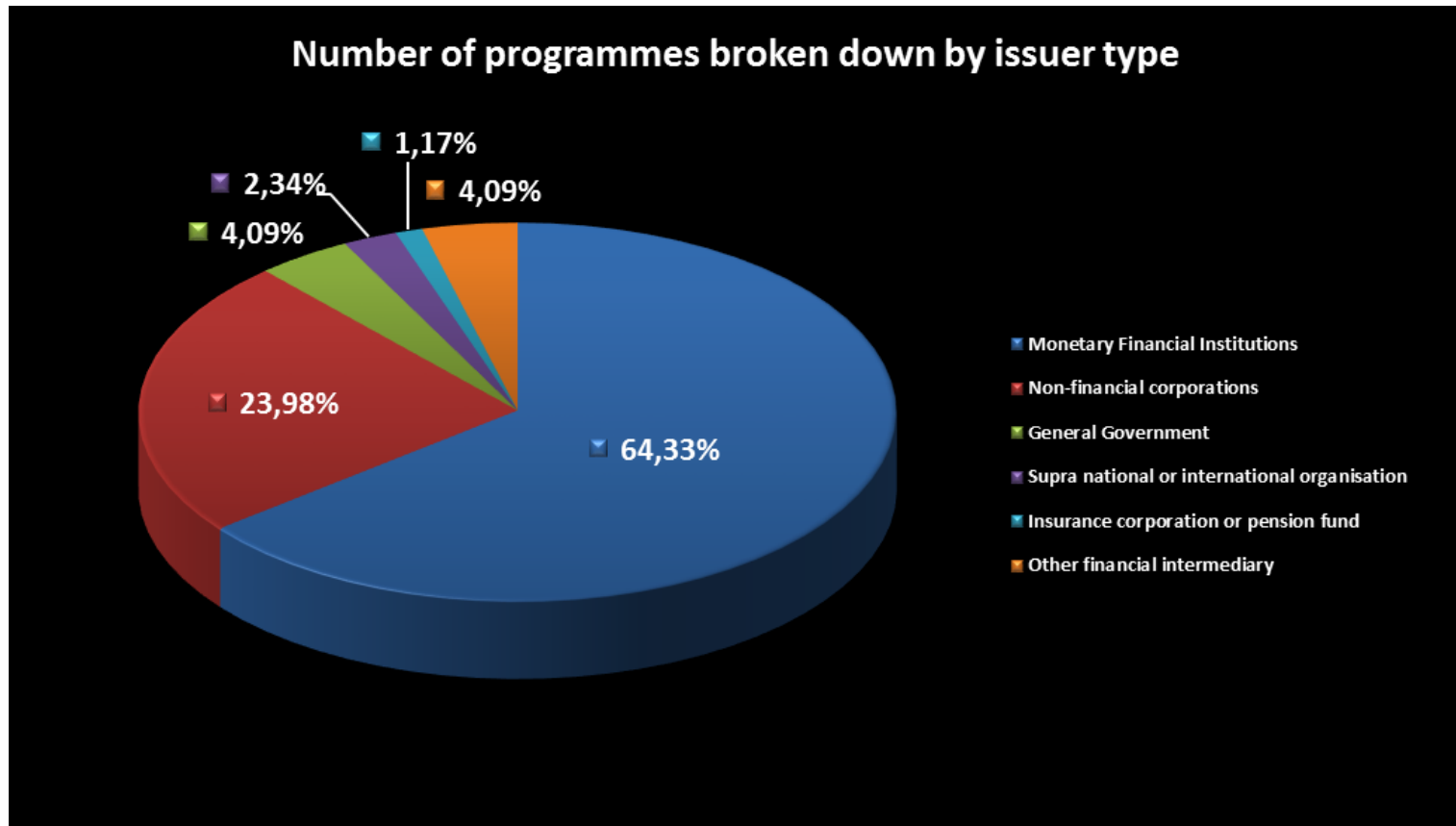
# The STEP Market

- 171 STEP labels (22 October 2014)
- Total Outstanding Amount (15 October 2014): 401,1 Billion €.
- 12 new programmes year-to-date
- 12 withdrawals year-to-date
- 2013 overview:
  - 11 new programmes
  - 15 withdrawals

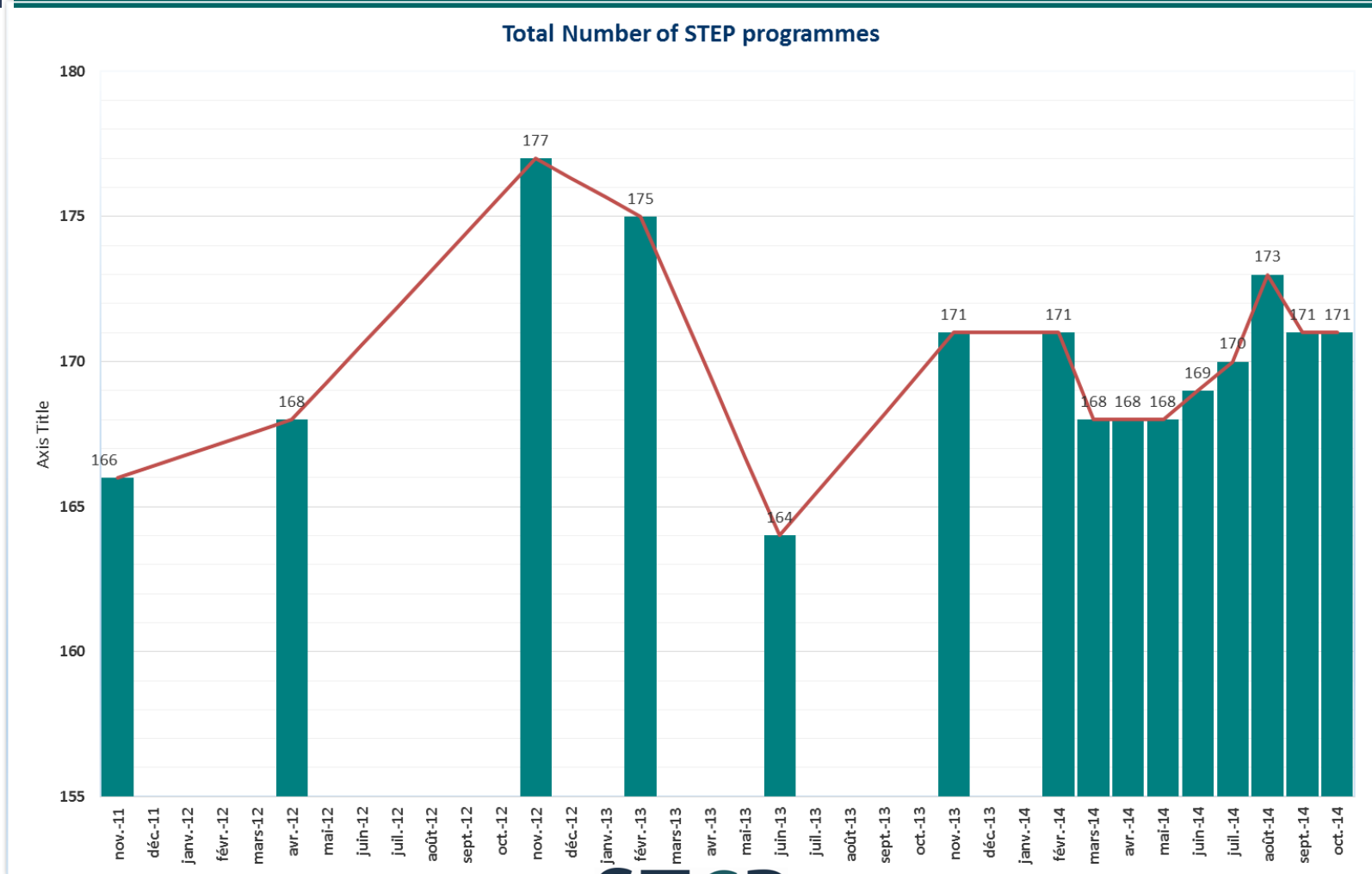
# Programmes broken down by programme type



# Programmes broken down by issuer type

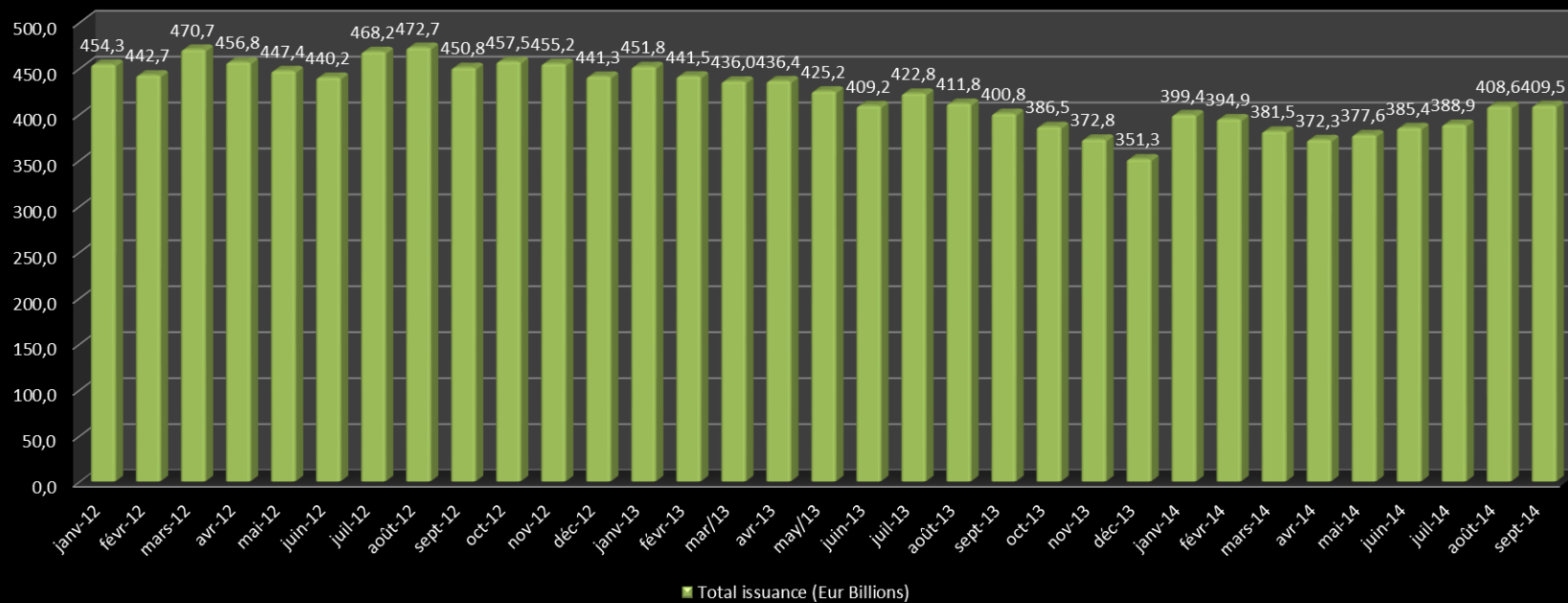


# STEP Active Labels



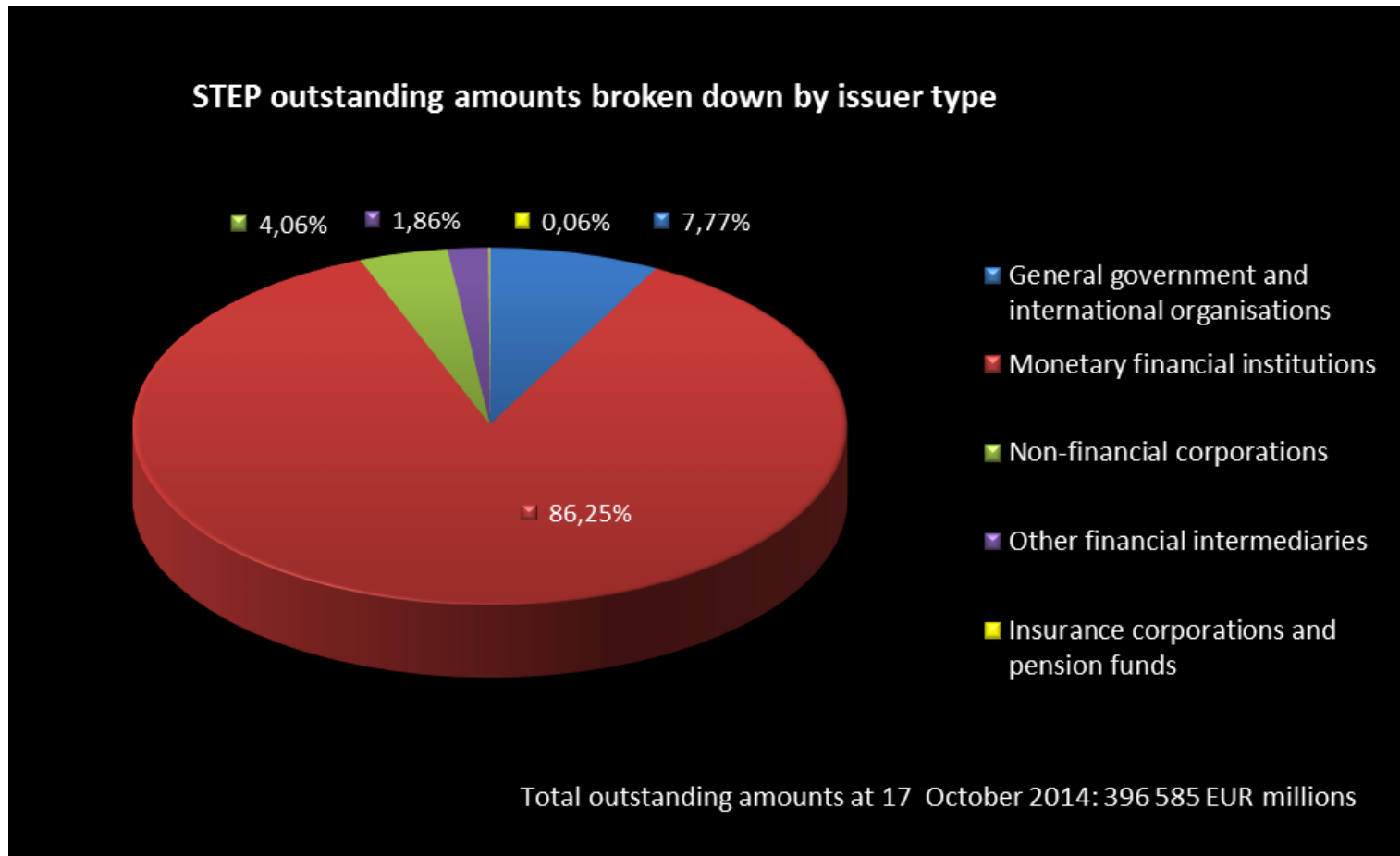
# STEP Outstanding amounts in € billion

Total amounts outstanding of STEP debt securities



Source: ECB

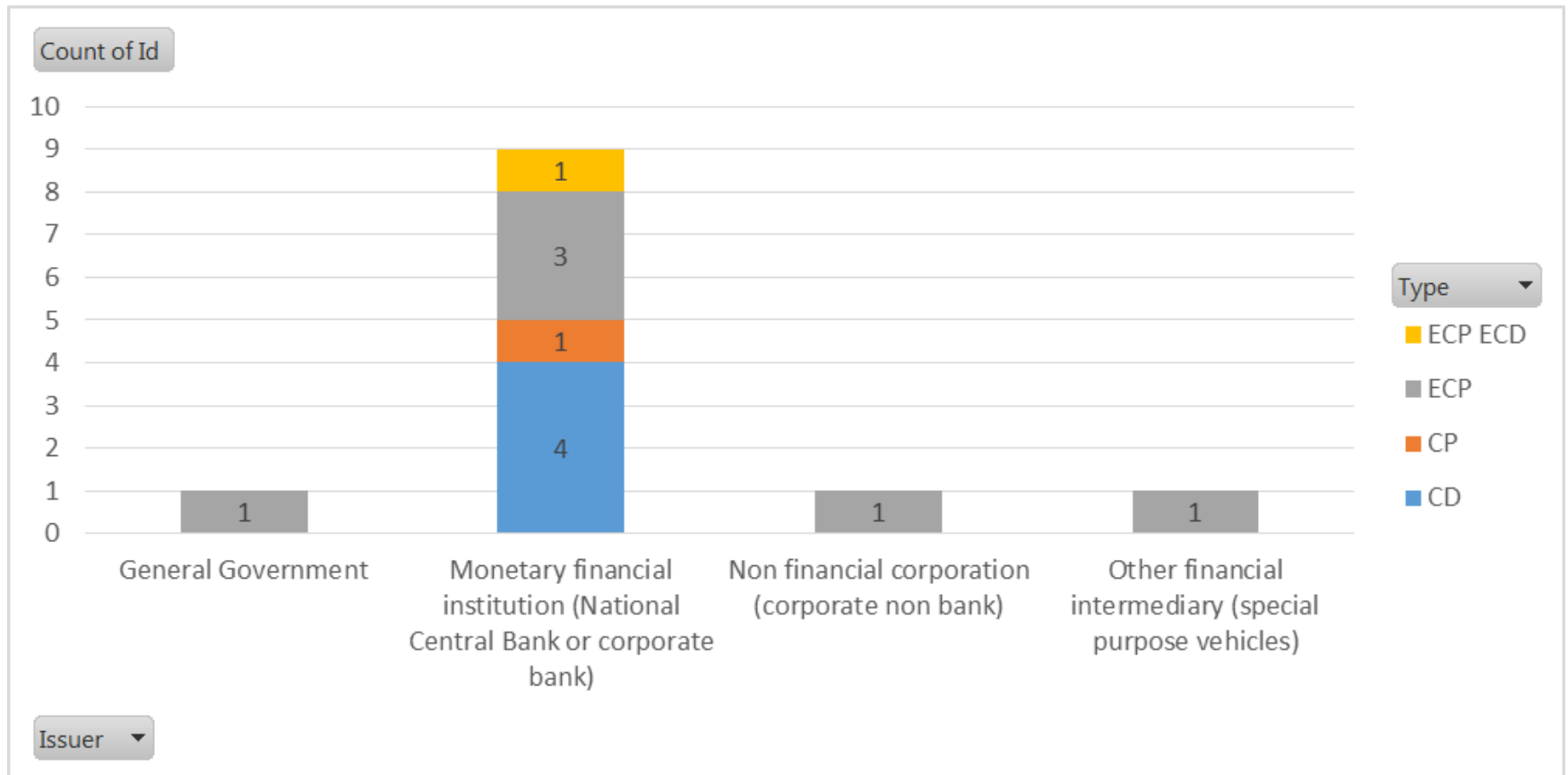
# STEP Outstanding amounts by sector



Source: ECB

# New programmes year-to-date

12 new programmes in 2014



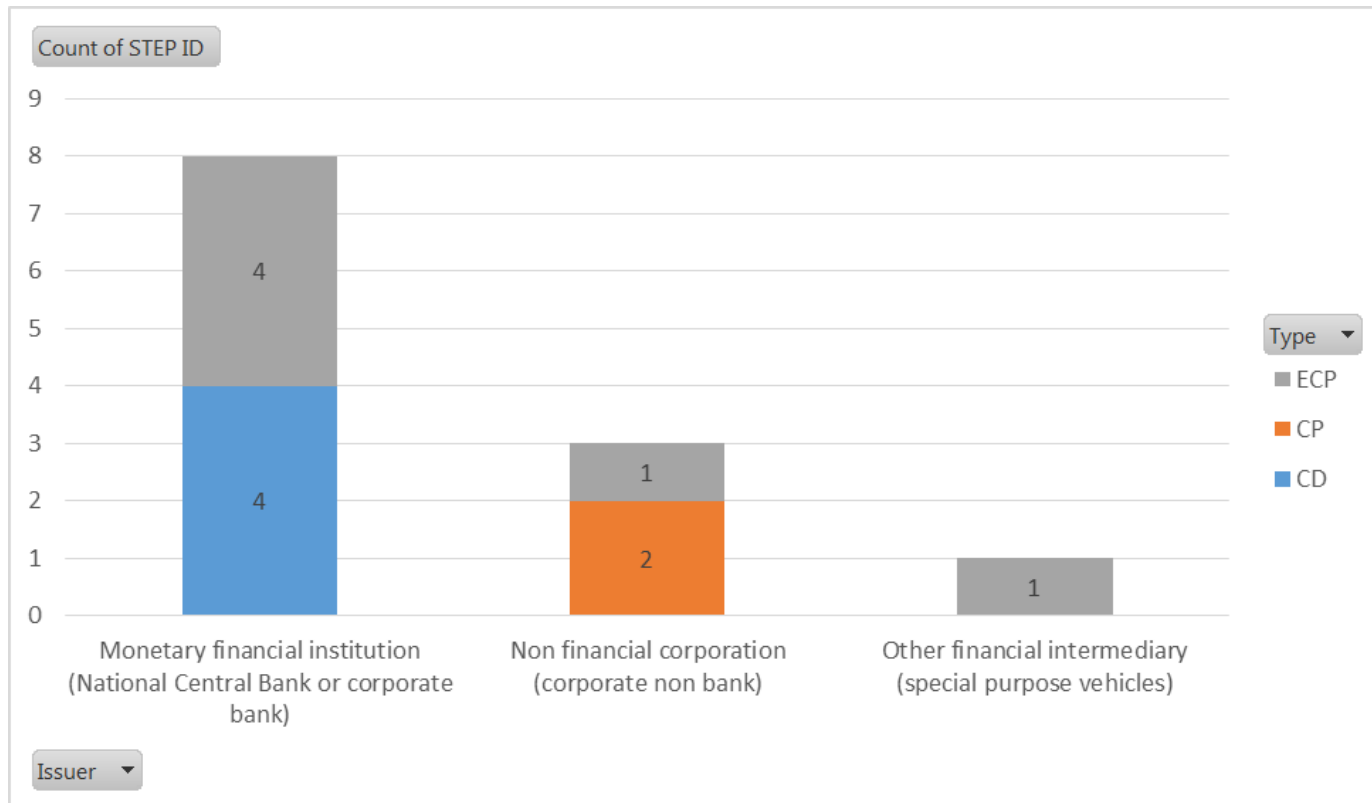
# STEP labels granted in 2014

Id	Programme	Type	Issuer
0002615	Propertize B.V for the issuance of guaranteed Euro Commercial Paper and guaranteed Medium Term Notes	ECP	Monetary financial institution (National Central Bank or corporate bank)
0002626	Dexia Crédit Local Guaranteed Euro-Commercial Paper Programme	ECP	Monetary financial institution (National Central Bank or corporate bank)
0002663	Cassa Depositi e Prestiti S.p.A. Multi-Currency Commercial Paper Programme	CP	Monetary financial institution (National Central Bank or corporate bank)
0002696	NIBC Bank N.V. Euro-Commercial Paper Programme	ECP	Monetary financial institution (National Central Bank or corporate bank)
0002706	IRELAND, acting through NTMA, EURO-COMMERCIAL PAPER PROGRAMME	ECP	General Government
0002710	Caisse Federale du Credit Mutuel Ocean French Certificats de depot Programme	CD	Monetary financial institution (National Central Bank or corporate bank)
0002721	Nederlandse Waterschapsbank N.V. Euro-Commercial Paper and Certificate of Deposit Programme	ECP ECD	Monetary financial institution (National Central Bank or corporate bank)
0002732	UniCredit Bank AG, acting through its London Branch, French Certificats de Dépôt	CD	Monetary financial institution (National Central Bank or corporate bank)
2641	Goldman Sachs International Bank Certificate of Deposit Programme	CD	Monetary financial institution (National Central Bank or corporate bank)
2652	Collateralized Commercial Paper III Co., LLC. Commercial Paper Notes Programme	ECP	Other financial intermediary (special purpose vehicles)
2674	Mitsui & Co. Financial Services (Europe) Plc Euro-Commercial Paper	ECP	Non financial corporation (corporate non bank)
2684	Bpifrance Financement French Certificat de Depo	CD	Monetary financial institution (National Central Bank or corporate bank)



# Withdrawals year-to-date

12 withdrawals in 2014



# STEP label withdrawals in 2014

STEP ID	Programme	Date	Type	Issuer	Country
0002225	Banca Carige SPA French Certificats de Depot	2014-10-02 19:14:51	CD	Monetary financial institution (National Central Bank or corporate bank)	France
0000675	Allied Irish Bank plc Guaranteed Euro Commercial Paper Programme	2014-09-18 13:38:58	ECP	Monetary financial institution (National Central Bank or corporate bank)	Ireland
0000113	GE Capital European Funding French Billets de Trésorerie	2014-07-07 16:01:56	CP	Non financial corporation (corporate non bank)	Ireland
0002375	Swedbank AB French Certificats de Depot	2014-05-27 14:23:15	CD	Monetary financial institution (National Central Bank or corporate bank)	Sweden
0002134	Credem International (Lux) S.A. Guaranteed Euro-Commercial Paper and Euro-Certificate of Deposit Programme	2014-04-25 16:39:35	ECP	Monetary financial institution (National Central Bank or corporate bank)	Luxembourg
0002123	Credem International (Lux) S.A. Guaranteed French Certificats de Dépôt	2014-04-25 16:39:19	CD	Monetary financial institution (National Central Bank or corporate bank)	Luxembourg
0002316	Bank of Ireland (The Governor and Company of the) Euro-Commercial Paper and Euro-Certificate of Deposit Programme Guaranteed by the Minister for Finance of Ireland	2014-03-07 11:23:19	ECP	Monetary financial institution (National Central Bank or corporate bank)	Ireland
0001816	Royal Park Investments ECP Programme	2014-03-05 18:54:59	ECP	Other financial intermediary (special purpose vehicles)	Belgium
0001404	Natixis Funding French Certificates of Deposits	2014-03-05 18:51:18	CD	Monetary financial institution (National Central Bank or corporate bank)	France
0001981	Rio Tinto Finance Canada Inc., Rio Tinto Finance Limited and Rio Tinto Finance Plc Guaranteed Euro Commercial Paper Programme	2014-02-27 12:31:59	ECP	Non financial corporation (corporate non bank)	United Kingdom
0000263	Aurubis Belgium NV SA Global Multi Currency and Medium Term Treasury Notes Programme	2014-02-21 12:32:01	CP	Non financial corporation (corporate non bank)	Belgium
0000631	BBVA SA London Branch Euro Commercial Paper Programme	2014-02-17 13:43:47	ECP	Monetary financial institution (National Central Bank or corporate bank)	United Kingdom



EUROPEAN CENTRAL BANK

EUROSYSTEM

**Vivien PETIT**

Economist-Statistician

Monetary and Financial Statistics

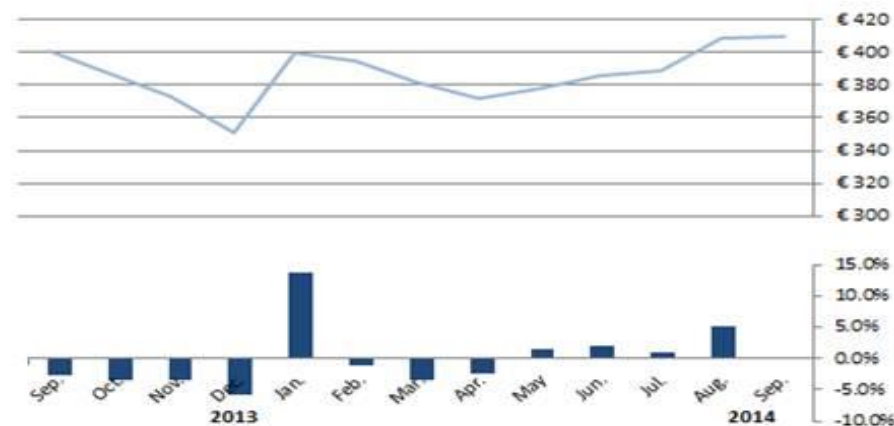
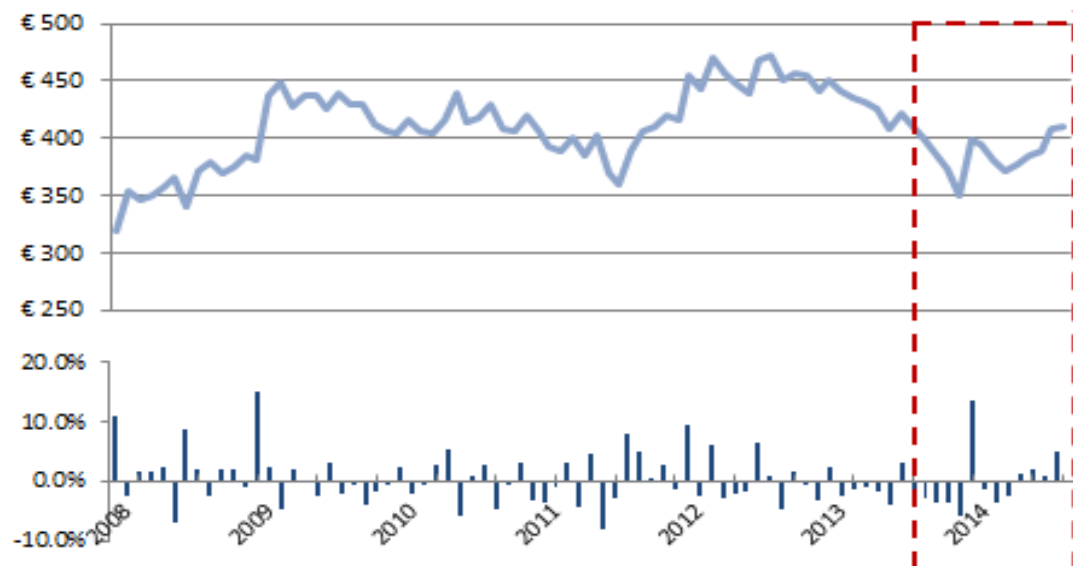
# **STEP statistics**

## **Developments and prospects**

19<sup>th</sup> Meeting of the STEP Market Committee

Brussels, 27 October 2014

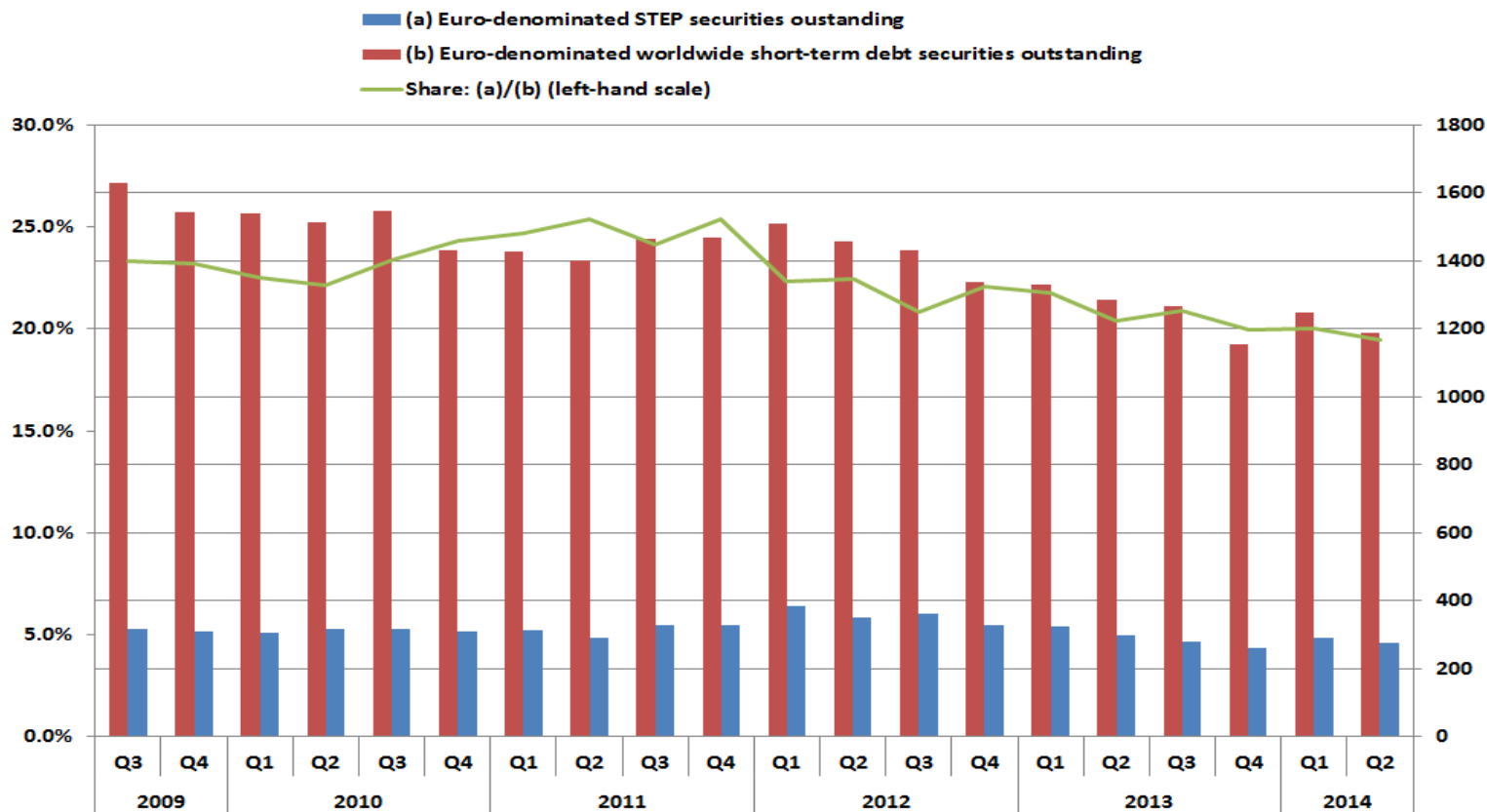
## STEP Amounts outstanding (EUR bn) and m-o-m percentage change



Source: ECB.

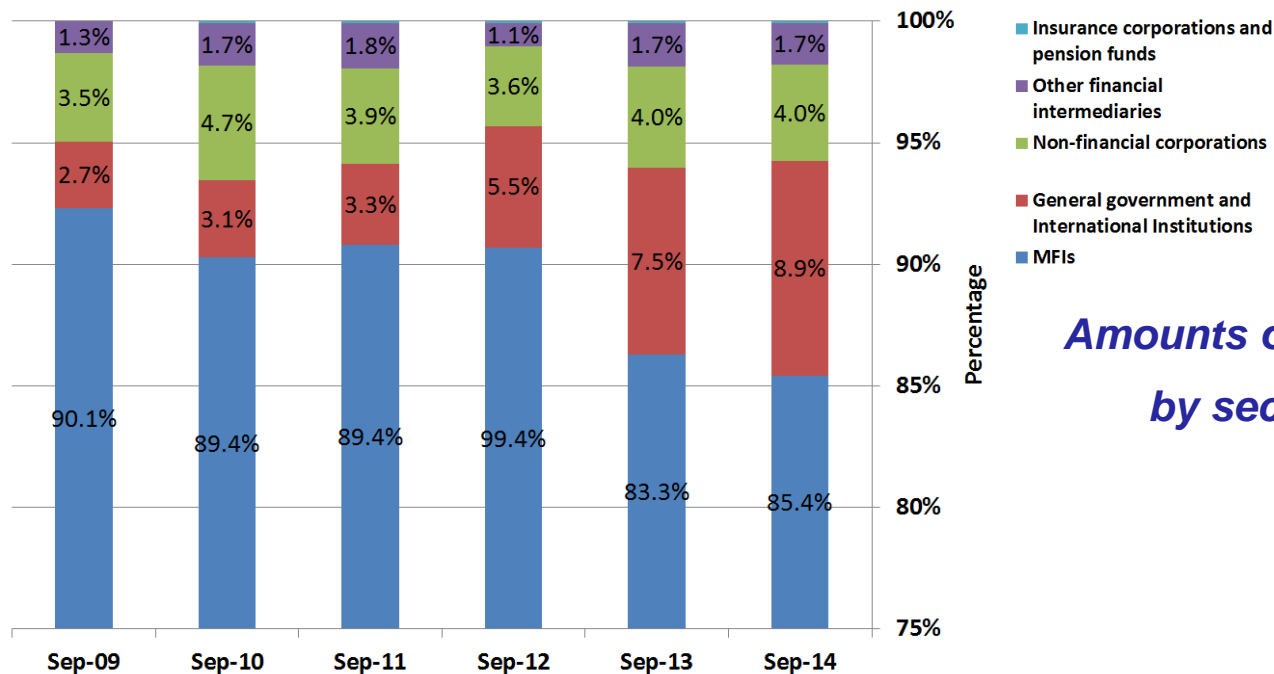
# Size of the STEP market

*Euro denominated short-term debt securities issued worldwide by all sectors (EUR bn Amounts outstanding and percentages)*



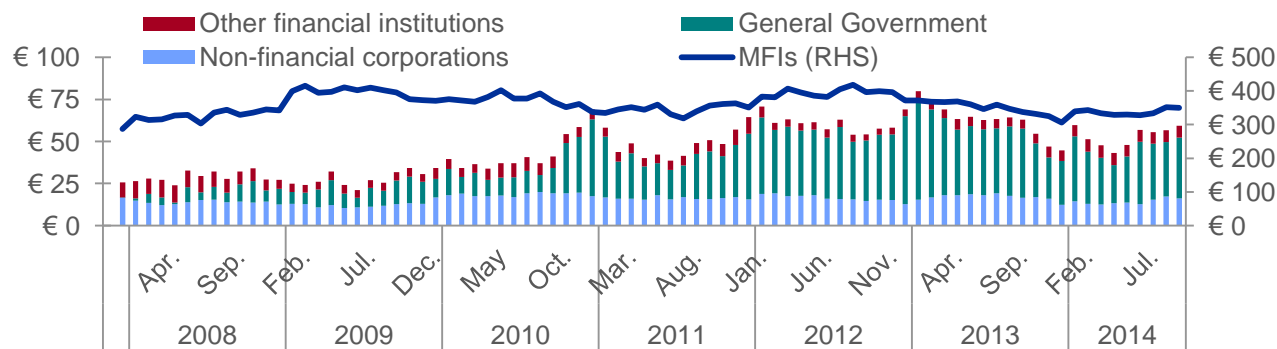
Source: ECB.

## STEP statistics by sector



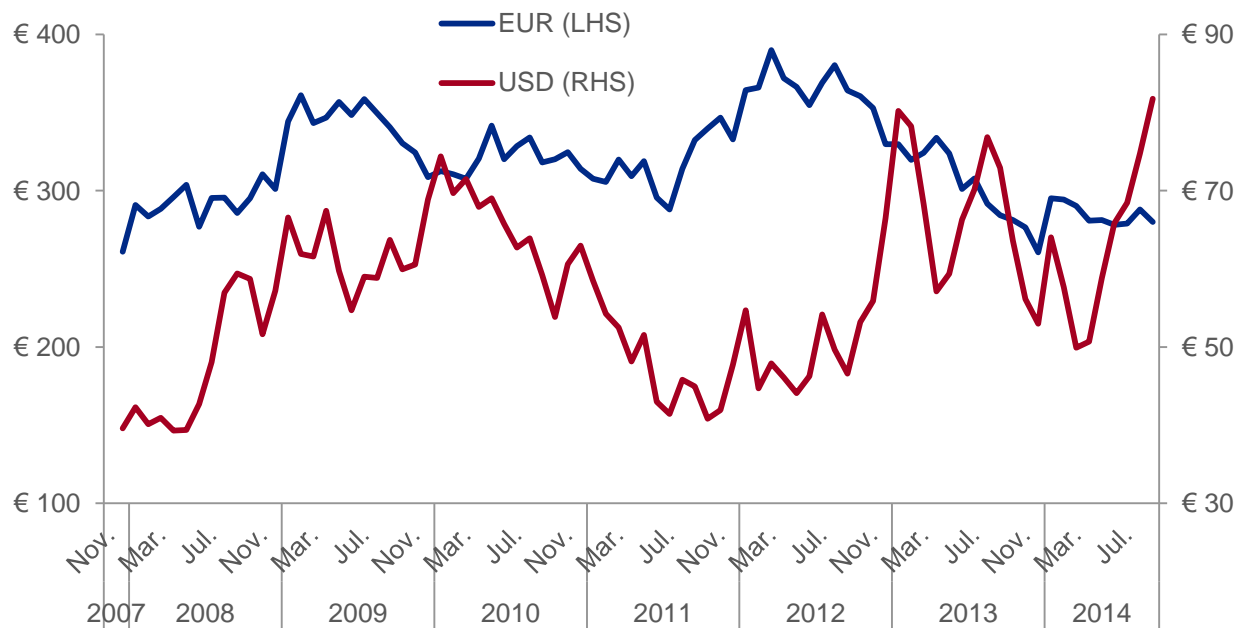
*Amounts outstanding by sector (%)*

*Amounts outstanding by sector (EUR bn)*



Source: ECB.

# STEP statistics by currency

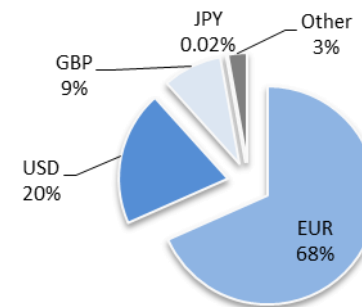


*Amounts outstanding by currency (EUR bn)*

Note: weekly data as of end-April 2011.

## STEP market share by currency (%)

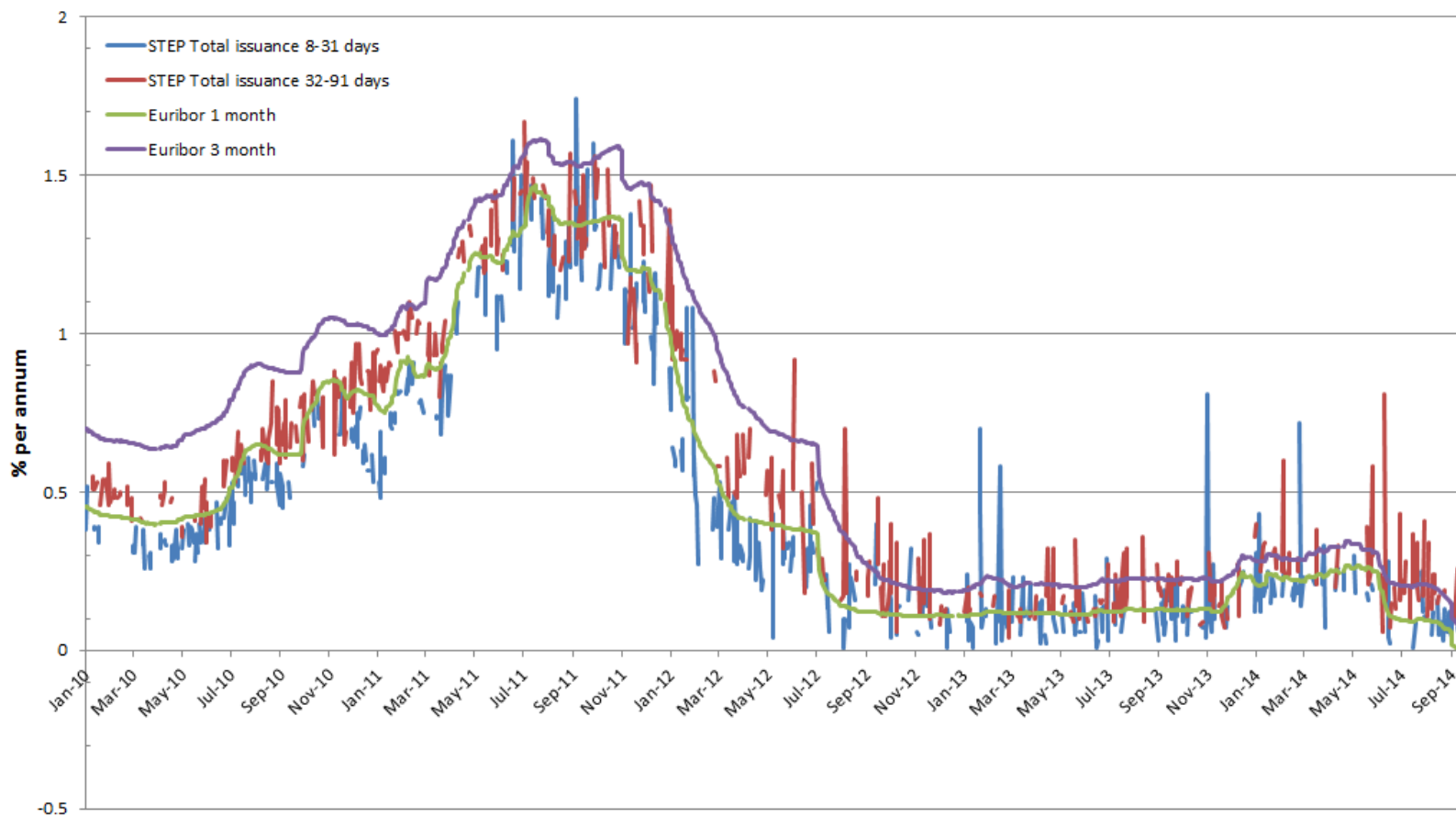
September 2014



Source: ECB.

# STEP yield statistics

*STEP vs. Euribor*



Source: ECB.

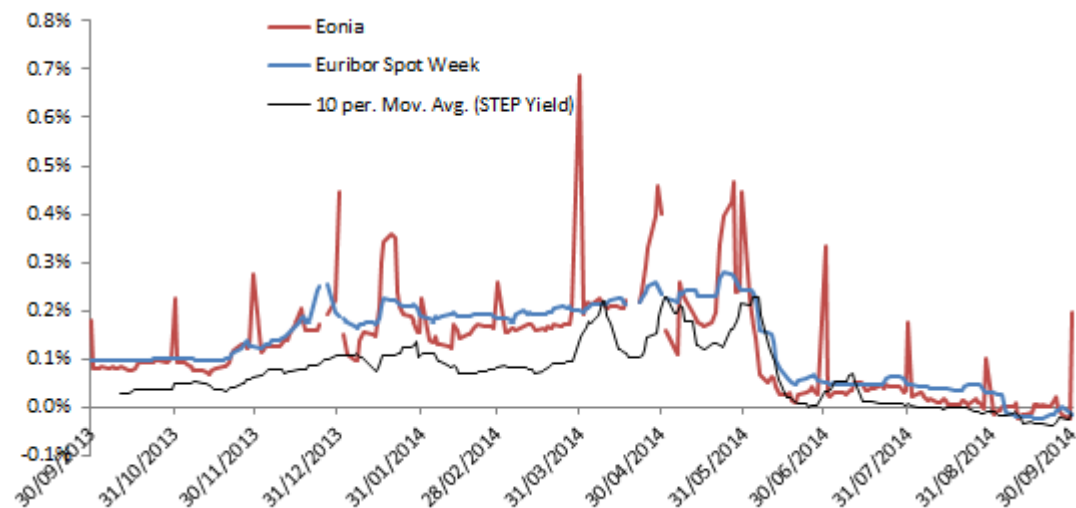
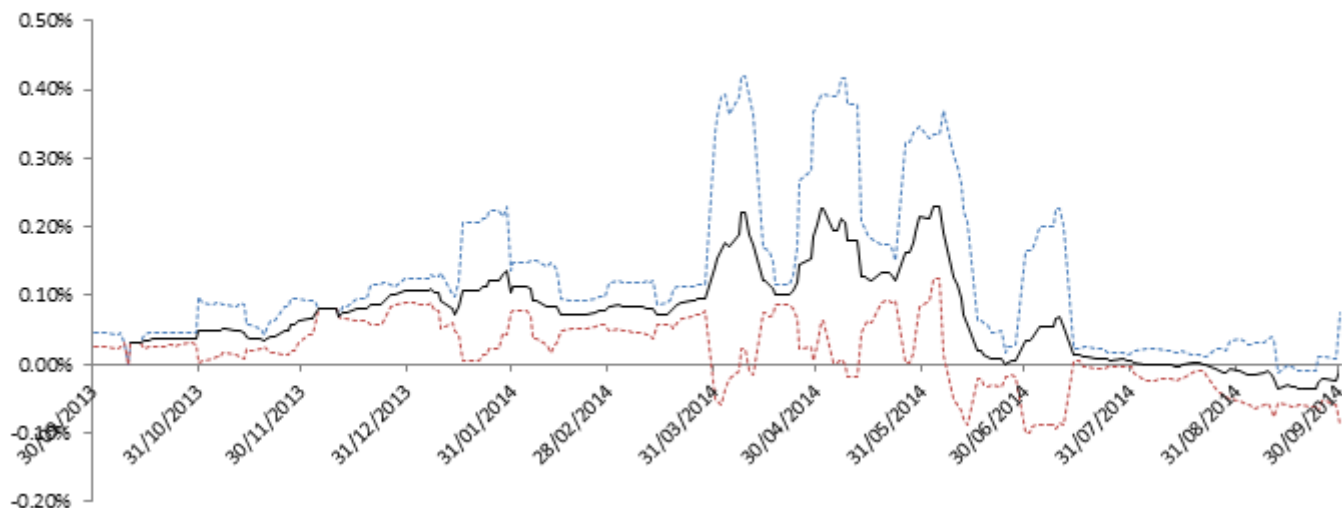


## STEP yield statistics

Historical Yields with Bollinger Bands

0 - 7 days

All Ratings



Source: ECB.

# Main contributors to the STEP market

Sector: 

Most Active (EUR bn)							
Program Name	STEP ID	Sep.	Aug.	Difference			
European Investment Bank Global Commercial Paper Programme	343	€ 8.84	€ 6.15	€	2.70		
KfW Multi Currency Commercial Paper Programme	274	€ 26.89	€ 25.28	€	1.61		
Barclays Bank PLC French Certificats de depot	321	€ 13.42	€ 11.86	€	1.55		
Cooperatieve Centrale Raiffeisen Boerenleenbank BA Rabobank Nederland Euro C	310	€ 7.58	€ 6.11	€	1.47		
Nordea Bank AB (publ) Euro Commercial Paper Programme	1350	€ 12.25	€ 11.16	€	1.09		
Banque Federative du Credit Mutuel ECP and CD Programme	226	€ 15.03	€ 14.20	€	0.83		
BNP Paribas French Certificats de depots	55	€ 32.59	€ 36.60	€	-4.01		
Societe Generale French Certificats de depot	11	€ 12.90	€ 16.70	€	-3.80		
HSBC France French Certificats de Depot	230	€ 2.82	€ 4.56	€	-1.74		
Dexia Credit Local Guaranteed French Certificats de Depot	2262	€ 32.76	€ 34.24	€	-1.48		
ING Bank NV French Certificates of Deposit Programme	1036	€ 7.38	€ 8.31	€	-0.93		
ABN Amro Bank N.V. French Certificats de Depot	1532	€ 3.17	€ 4.05	€	-0.88		

Sector: 

Most Active (EUR bn)							
Program Name	STEP ID	Sep.	Aug.	Difference			
SNCB Holding SA NMBS Holding NV Multi Currency Short Term Treasury Notes	620	€ 0.29	€ 0.16	€	0.13		
Repsol International Finance B.V. Guaranteed Euro-Commercial Paper	1886	€ 0.69	€ 0.57	€	0.13		
Kommuninvest i Sverige Aktiebolag (publ) Euro-Commercial Paper	1671	€ 2.38	€ 2.91	€	-0.53		
Orange French Billets de Tresorerie	525	€ 0.60	€ 0.87	€	-0.28		

Source: ECB.

*Many thanks for your attention!  
Any questions ?*