



10 rue Montoyer

B- 1000 Brussels

T. +32 (0)2 508 37 11 – F. +32 (0)2 511 23 28

[secretariat@step-market.org](mailto:secretariat@step-market.org) - [www.stepmarket.org](http://www.stepmarket.org)

GM/LK

D1195C-2012

25.06.2012

**15<sup>th</sup> MEETING OF THE STEP MARKET COMMITTEE  
- Brussels, 03 May 2012 -**

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**Minutes**

**WELCOME**

The Chairman, Mr G. RAVOET, welcomed the participants.

The list of participants is hereby attached (enclosure 1).

**1. MINUTES OF THE PREVIOUS MEETING**

The minutes of the previous meeting were unanimously approved.

**2. SECRETARIAT REPORT ON STEP LABELLING**

Ms G. MARQUES made a presentation on the STEP labels granted and withdrawn since the last meeting (enclosure 2).

Since the previous meeting on 10 November 2011, 12 new labels had been granted and 10 labels withdrawn. The total number of active programmes had slightly increased to 168 compared to 166 in November 2011. 2 new programmes were being prescreened.

Ms G. MARQUES asked for Members' guidance on the requirement to publish rating letters along with the Information Memorandum. In 2011, following Moody's and Fitch ratings' change of publication policy, issuers had been temporarily allowed to insert a direct hyperlink to those rating agencies' websites (along with the reference and the rating itself) instead of publishing the rating letters. The Secretariat suggested extending this measure to all rating agencies. She added that *Banque de France*, who had specific requirements regarding the disclosure of rating letters, also requested to extend the exemption to publish rating letters to all issuers.

Mr M. STUBBE expressed that this measure was in line with the willingness at policy level to be less dependent on big rating agencies. He added that other options should be considered in the future.





The Members agreed that STEP is a label of quality and information, not a credit quality assessment. They agreed that the disclosure of rating information should indeed be standardized and considered that the accessibility to information was preserved through the publication of the direct hyperlink to the rating agencies' website and the rating itself. Consequently, it was agreed to extend the above-mentioned measure to all credit rating agencies. However, issuers should be encouraged to keep on providing the rating letter if available.

### **3. ECB REPORT ON STEP STATISTICS**

Ms S. CORVOISIER, from the ECB statistics' team, made a presentation on the latest and future developments of the STEP statistics. Her presentation is hereby attached ([enclosure 3](#)).

The detailed STEP statistics published by the ECB on a weekly basis showed that the STEP market had continuously increased since June 2011 to reach its highest level in March 2012 with an outstanding amount of €470.7 bn.

The total outstanding amounts of STEP-labelled programmes had fallen for the first semester of 2011, but had since risen sharply by around €100 billion, to reach €456 billion at the end of April 2012 stemming from 168 STEP-labelled programmes.

Ms S. CORVOISIER underlined the need to compare the relative positive development of STEP-labelled securities with an adequate benchmark for euro-denominated short-term debt securities in order to assess the developments in the STEP market in 2011 and for the first months of 2012. The ratio of STEP securities denominated in euro and issued by non-government sectors to euro-denominated issuance of debt securities by worldwide non-government continued to increase since the second quarter of 2011 for three quarters in a row to reach around 45%. She added that the strong increase in the outstanding amounts of STEP programmes for the first quarter could be seen as a further sign of the success of the initiative in supporting financial market integration in the short-term papers segment.

Regarding the issuance currency since July 2011 the issuance of STEP securities denominated in EUR had strongly increased strongly to reach its highest level in March 2012 since the launch of the STEP market in 2006 with a volume of around €390 billion. The issuance of STEP securities denominated in USD remained on average around €46 billion from April 2011 to April 2012 with a peak of around €55 billion in January 2012.

Due to the market conditions the yields continuously increased from around 0.4% in January 2010 to 1.6% in July 2011 and then strongly decreased to even a lower level than in 2010 for the yields of STEP total issuance with a maturity of 10-40 days. The yields of STEP total issuance with a maturity of 41-100 days were close to the Euribor 2-month in 2010 and at the beginning of 2011 the yields for that maturity bracket increased and therefore were close to the Euribor 3-month.

Ms S. CORVOISIER underlined the positive development of the STEP market following the decision of the ECB's Governing Council regarding the eligibility of the STEP-labelled securities issued by credit institutions as collateral for the ECB's monetary policy operations as of 1

January 2012. The strong increase of the STEP outstanding amounts from December 2011 to January 2012, respectively from €415.4 billion to €454.3 billion, was mainly due to the increase by the MFIs' issuance. The growth rate, either month-on-month or year-on-year, supports this idea. Indeed the MFIs' issuance increased by 9.3% from December 2011 to January 2012 and by 14.6% from January 2011 to January 2012, which corresponds almost to the growth rate of the whole STEP market for these periods.

She also informed the Members that the issue with two Security Settlement Systems (SSSs) – Euroclear France and Nederland – regarding the dissemination of outstanding amounts per individual programme to a weekly frequency had been handled with by the ECB STEP statistics team and was to be resolved in September 2012.

Daily test transmissions for the outstanding amounts and settlements from relevant SSSs to the ECB had already started and the above-mentioned SSSs were implementing the relevant reporting framework.

Finally, Ms S. CORVOISIER informed the Members that, following the request of the STEP Task Force, the ECB statistics team was working on additional formats and maturity brackets improved in order to better compare STEP issue yields and issue prices to the usual benchmarks such as EONIA and EURIBOR. She added that those developments would be finalized by Q4 this year.

Mr C. QUÉMÉNER highlighted the work of the ECB's statistics team and the importance to keep on developing the statistics.

Additionally, Members agreed that it would be interesting to have the STEP labels indicated on electronic platforms such as Bloomberg with a view to enhance the visibility of the STEP market. They added that there should be a footnote informing that STEP data is freely accessible on the STEP and ECB websites. Mr C. QUÉMÉNER informed the Members that the Secretariat had already started some discussions with Bloomberg and intended to extend it to the other platforms.

#### **4. PRESENTATION ON THE EUROPEAN SHORT-TERM DEBT MARKET**

Mr F. HEBEISEN presented the last study performed by *Société Générale* on the short-term debt market. He explained that the European market was showing a significant growth since April 2011 compared to the US market. He also informed the Members that there was a lack of information on the Belgian market (apart from STEP-labelled issues).

Mr F. HEBEISEN explained that the share between French CP/CDs and ECP/ECDs reflected the homogeneity of the market. He added that the European market was mainly a Rank1 market, but noted that Rank2 issuers increased by more than 50% since April 2011.

Regarding the type of issuer, Supras and Agencies issuances showed a growth of 27% in terms of outstanding amounts compared to April 2011. He added that major players will continue to appeal to this market.



The most prominent currency of issues continued to be the EUR, especially on the French CP/CD market and, to a lesser extent, on the ECP/ECD market. Apart from USD and GDP (mainly linked to the UK&ECP environment), the other currencies remained marginal.

Members discussed the interest that covered bonds might have in issuing short-term papers. Mr F. HEBEISEN explained that although there was an appetite for collateralized papers and good covered short-term bonds, the product did not seem competitive enough for the issuer. He added that there was a marketing effort to do towards the investors. Mr M. BRUNING added that short-term covered bonds were willing to have less collateral quality. Most of the Members agreed that there was a trend to keep unsecured for the short-term and secured for the long-term.

Separately, some Members expected a growth in corporates share, considering that investment funds tended to seek for corporate risk to balance their financial risk. However, investors explained that they unfortunately did not find this diversification in the market unfortunately, as corporates did not have an important need to issue on the short-term debt market.

Finally, Members insisted on the importance of having visible and reliable statistics on the market.

## **5. DEVELOPMENT OF THE STEP MARKET**

Mr G. RAVOET informed the Members that, with a view to enhance the visibility and accessibility to the STEP market data, the STEP Secretariat had asked Macrobond, a fast growing data vendor, to include the STEP statistics as a market segment in their application.

Mr A. LIEUGAUT, Macrobond International Account Manager, made a presentation on the application and its functionalities, focusing on STEP data.

## **6. ANY OTHER BUSINESS**

No other business was raised.

## **7. DATE AND PLACE OF NEXT MEETING**

It was agreed that the next meeting will take place on 18 October 2012 in Brussels.

Enclosures: 1-D0763B-2012-List of Participants  
2-D0758A-2012-Presentation on STEP labelling  
3-D0780A-2012-ECB Presentation on STEP Statistics

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**15<sup>th</sup> STEP MARKET COMMITTEE MEETING  
- Brussels, 03 May 2012, 10.30 CET -**

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**List of participants**

**Chairman:**

Mr Guido RAVOET European Banking Federation/Euribor-EBF

**Members:**

Mr Peter BALAZ European Investment Bank  
Mr Philippe BILLOT Pictet Gestion  
Mr Marnix BRUNING ING Bank  
Mr Franck HEBEISEN Société Générale  
Mr Michael SCHNEIDER DZ Bank  
Mr Koen SCHÖNINGH Volkswagen Group (*conference call*)  
Mr Patrick SIMEON Amundi (*conference call*)

**Non-voting Members:**

Ms Sandrine CORVOISIER European Central Bank  
Mr Michel STUBBE European Central Bank

**Observer:**

Mr Alain PRÉDOUR Banque de France

**Speaker:**

Mr Arnaud LIEUGAUT Macrobond Financial

**STEP Secretariat:**

Mr Cédric QUÉMÉNER Euribor-EBF  
Ms Gaëlle MARQUES Euribor-EBF  
Ms Leila KLEVE Euribor-EBF



**Apologies:**

|    |                             |                              |
|----|-----------------------------|------------------------------|
| Ms | Claudia BENCI               | Banca MPS                    |
| Ms | Marie-Sybille BRUNET-JAILLY | Banque de France             |
| Mr | Jonathan CURRY              | HSBC Global Asset Management |
| Mr | Francisco GALIANA           | BSCH                         |
| Mr | Patrick SANDARS             | European Central Bank        |
| Mr | Colin WITHERS               | ING Bank                     |

## ITEM 2: REPORT ON STEP LABELLING

- STEP labels withdrawn since last meeting
- STEP labels granted since last meeting
- Total number of STEP active programmes

# STEP labels withdrawn since last meeting\*

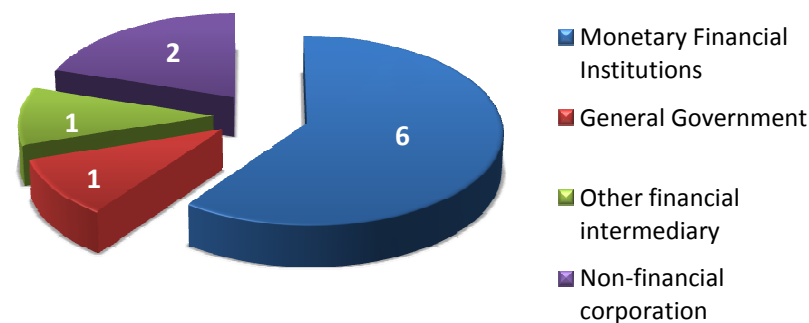


### Withdrawals by programme type



Total number of withdrawals: 10

### Withdrawals by issuer type



Total number of withdrawals: 10

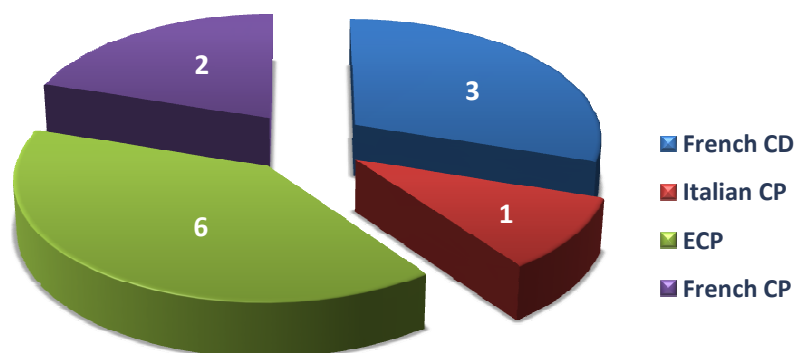
\* 10 November 2011



# STEP labels granted since last meeting\*

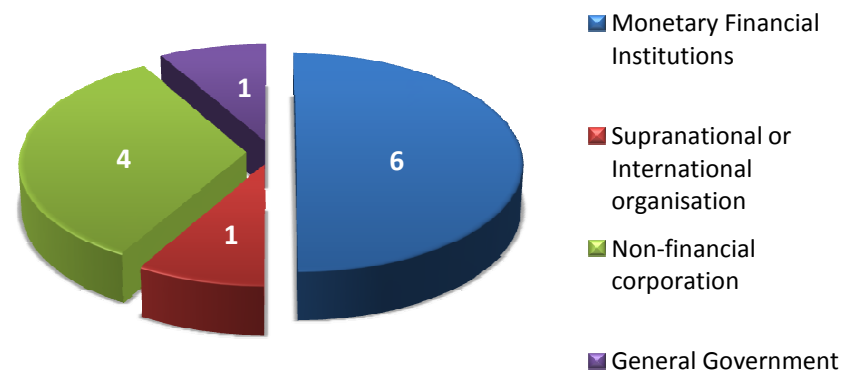


### New programmes by programme type



Total number of new programmes : 12

### New programmes by issuer type



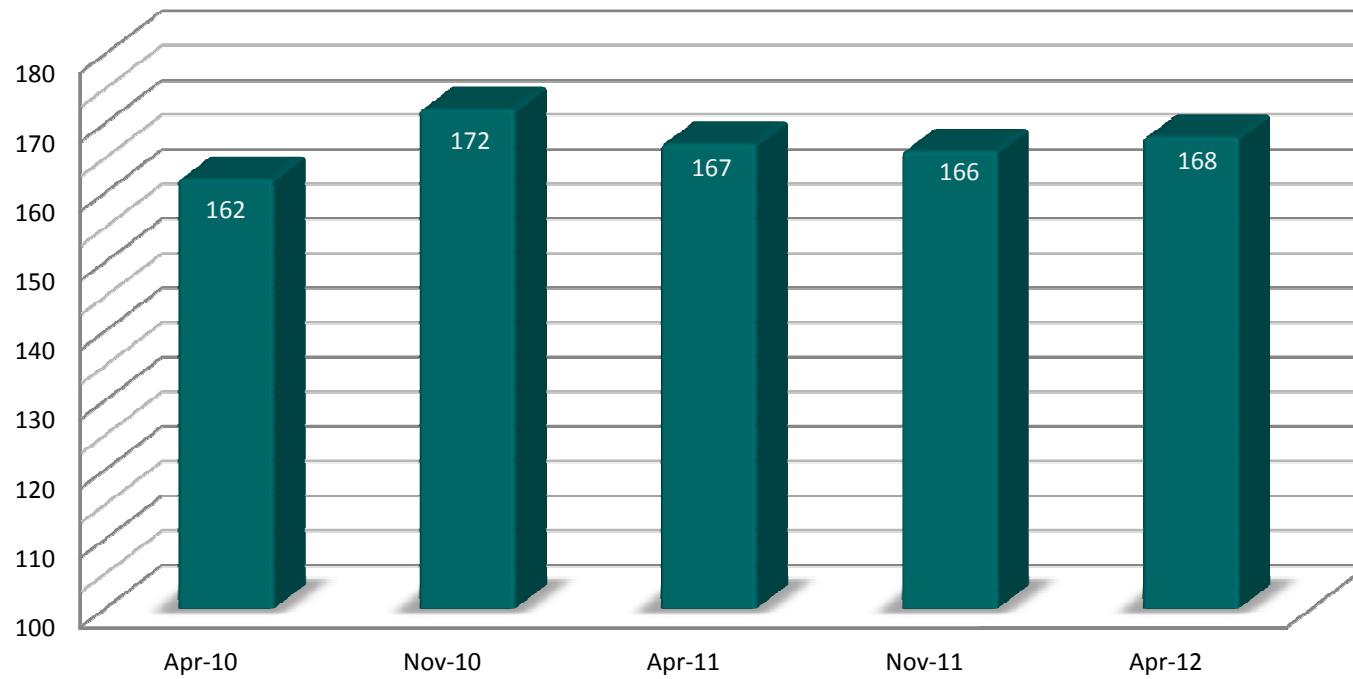
Total number of new programmes : 12

\* 10 November 2011

# STEP active labels



Total Number of STEP Programmes



## List of STEP labels withdrawn since last meeting



| Issuer   | Number of programmes | Type of issuer               | Type of programme | Issuer Country | Withdrawal date |
|--|----------------------|------------------------------|-------------------|----------------|-----------------|
| Banco Espirito Santo SA and Banco Espirito Santo plc   | 1                    | MFI                          | ECP               | Portugal       | 10/01/2012      |
| Banco Espirito Santo SA Madeira Free Trade Zone Branch | 1                    | MFI                          | ECD               | Portugal       | 10/01/2012      |
| Anglo Irish Bank Corporation Ltd.                      | 1                    | MFI                          | French CD         | Ireland        | 11/01/2012      |
| Bank of Ireland  | 2                    | MFI                          | ECP               | Ireland        | 12/01/2012      |
| Transport for London                                   | 1                    | General Government           | ECP               | UK             | 30/01/2012      |
| EFG Hellas PLC   | 1                    | Other financial intermediary | ECP               | UK             | 07/02/2012      |
| AB InBev   | 1                    | Non-financial corporation    | Belgian CP        | Belgium        | 17/02/2012      |
| Société Française du Radiotéléphone                    | 1                    | Non-financial corporation    | French CP         | France         | 23/02/2012      |
| Banco Popolare di Milano Ireland plc                   | 1                    | MFI                          | ECP               | Ireland        | 13/03/2012      |
| <b>TOTAL: 10</b>                                       |                      |                              |                   |                |                 |

## List of STEP labels granted since last meeting

| Issuer                             | Number of programmes | Type of issuer                              | Type of programme | Issuer Country  | Label Date         |
|------------------------------------|----------------------|---|-------------------|-----------------|--------------------|
| Council of Europe Development Bank | 1                    | Supranational or International organisation | ECP               | Europe          | 20/12/2011         |
| NV Nederlandse Gasunie             | 1                    | Non-financial corporation                   | ECP               | The Netherlands | 07/12/2011         |
| Republic of Italy                  | 1                    | General Government                          | Italian CP        | Italy           | 21/12/2011         |
| Dexia Credit Local                 | 1                    | MFI   | French CD         | France          | 05/01/2012         |
| Corio NV                           | 1                    | Non-financial corporation                   | ECP               | The Netherlands | 26/01/2012         |
| Caixa Geral de Depositos           | 1                    | MFI   | ECP               | Portugal        | 07/02/2012         |
| Munchener Hypothekenbank eG        | 1                    | MFI   | French CD         | Germany         | 13/02/2012         |
| Iliad                              | 1                    | Non-financial corporation                   | French CP         | France          | 01/03/2012         |
| Banca Carige                       | 1                    | MFI   | French CD         | France          | 20/03/2012         |
| Bank of Ireland                    | 2                    | MFI   | ECP               | Ireland         | 19/04/2012/pending |
| Whirlpool Corporation              | 1                    | Non-financial corporation                   | French CP         | United States   | 26/04/2012         |
| <b>TOTAL: 12</b>                   |                      |   |                   |                 |                    |

*Comment: One new programme pending Danske Bank ECP which should be labeled in the coming weeks.*



*Thank you*



# **STEP statistics**

## **Developments and prospects**

**Sandrine Corvoisier**

ECB, Division Monetary and Financial Statistics

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

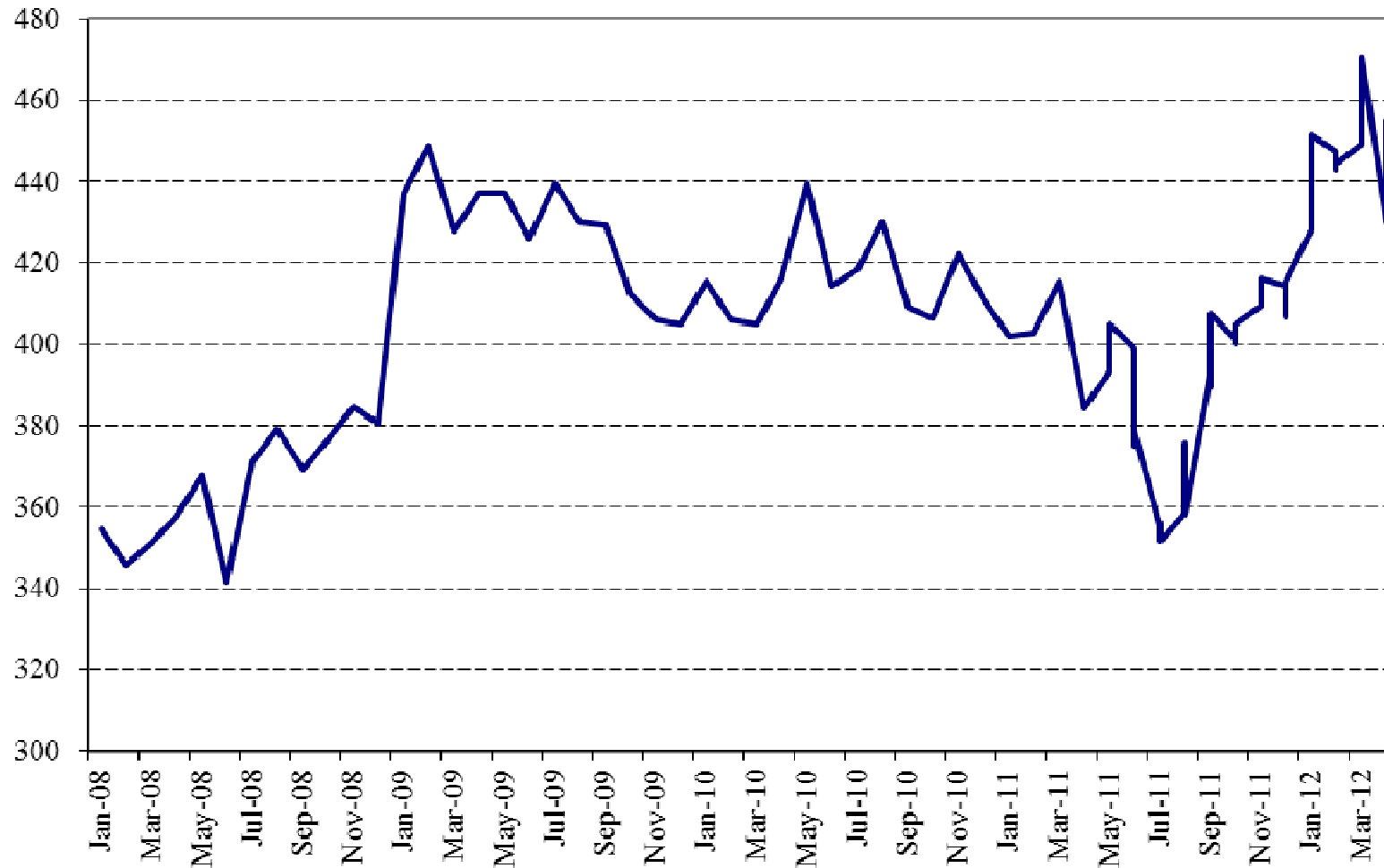
Brussels, 03 May 2012

# Structure

- 1. STEP statistics – Recent developments of STEP data**
2. STEP statistics – New developments

# Recent developments in STEP data – absolute size

**STEP Outstanding amounts in € billion**



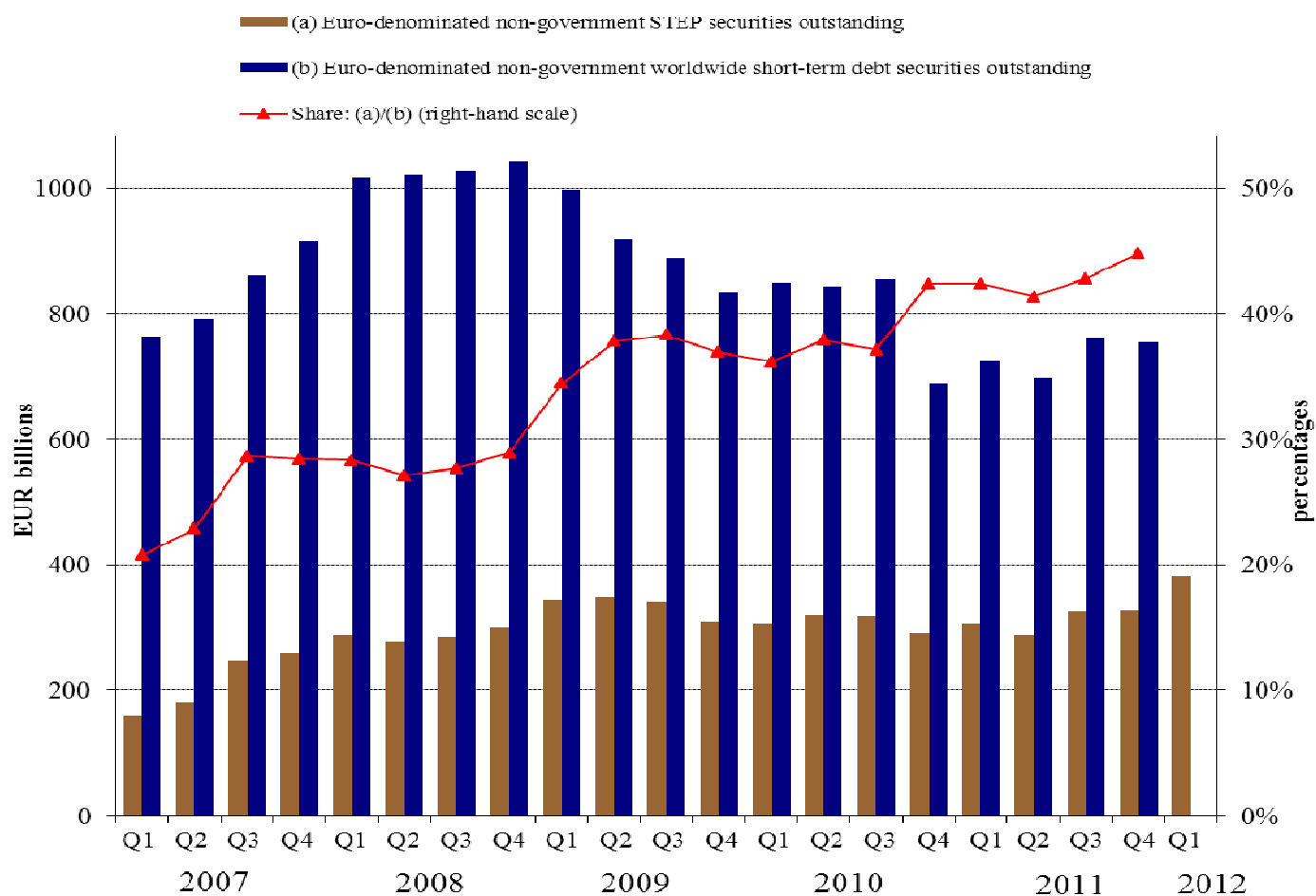
Source: ECB, monthly figures, weekly as of end-April.

EUROPEAN CENTRAL BANK



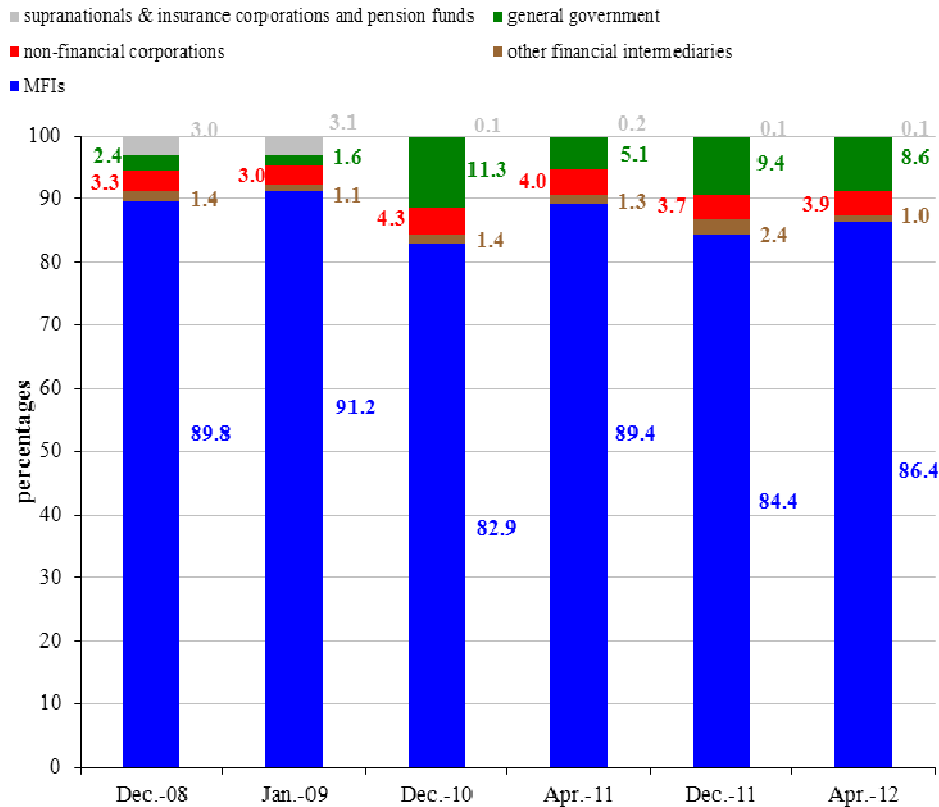
# Comparison with a benchmark

## Outstanding amounts of euro denominated short-term debt securities issued worldwide by sectors other than general government (in € billion)

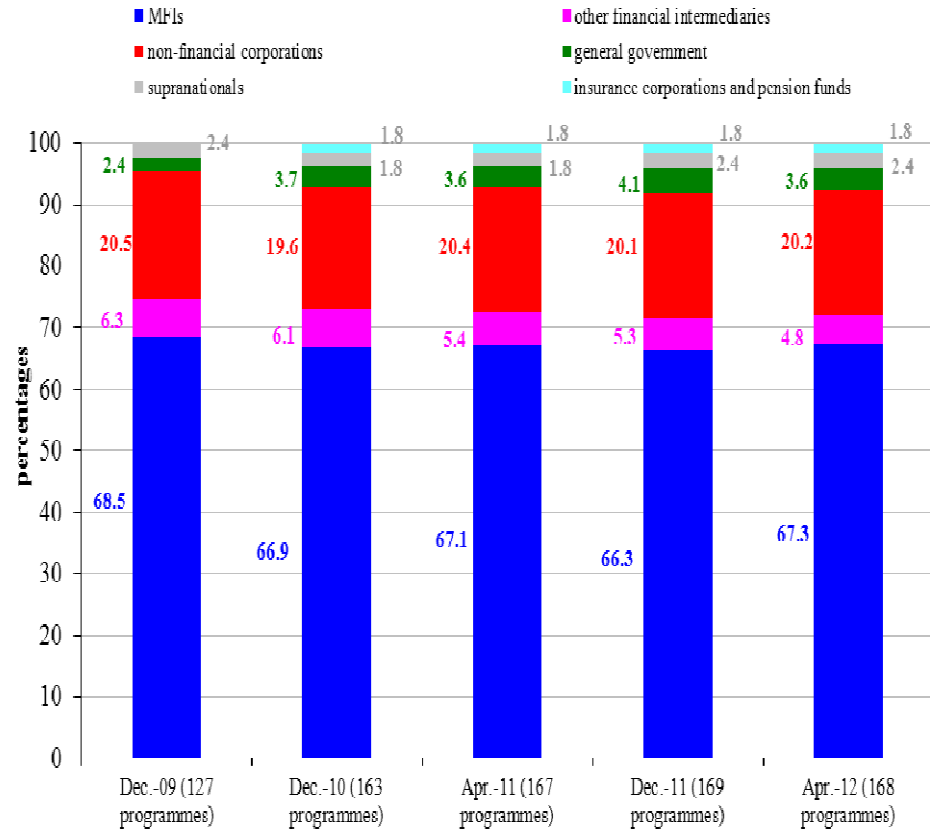


# STEP statistics by sector

### Outstanding amounts by sector (%)

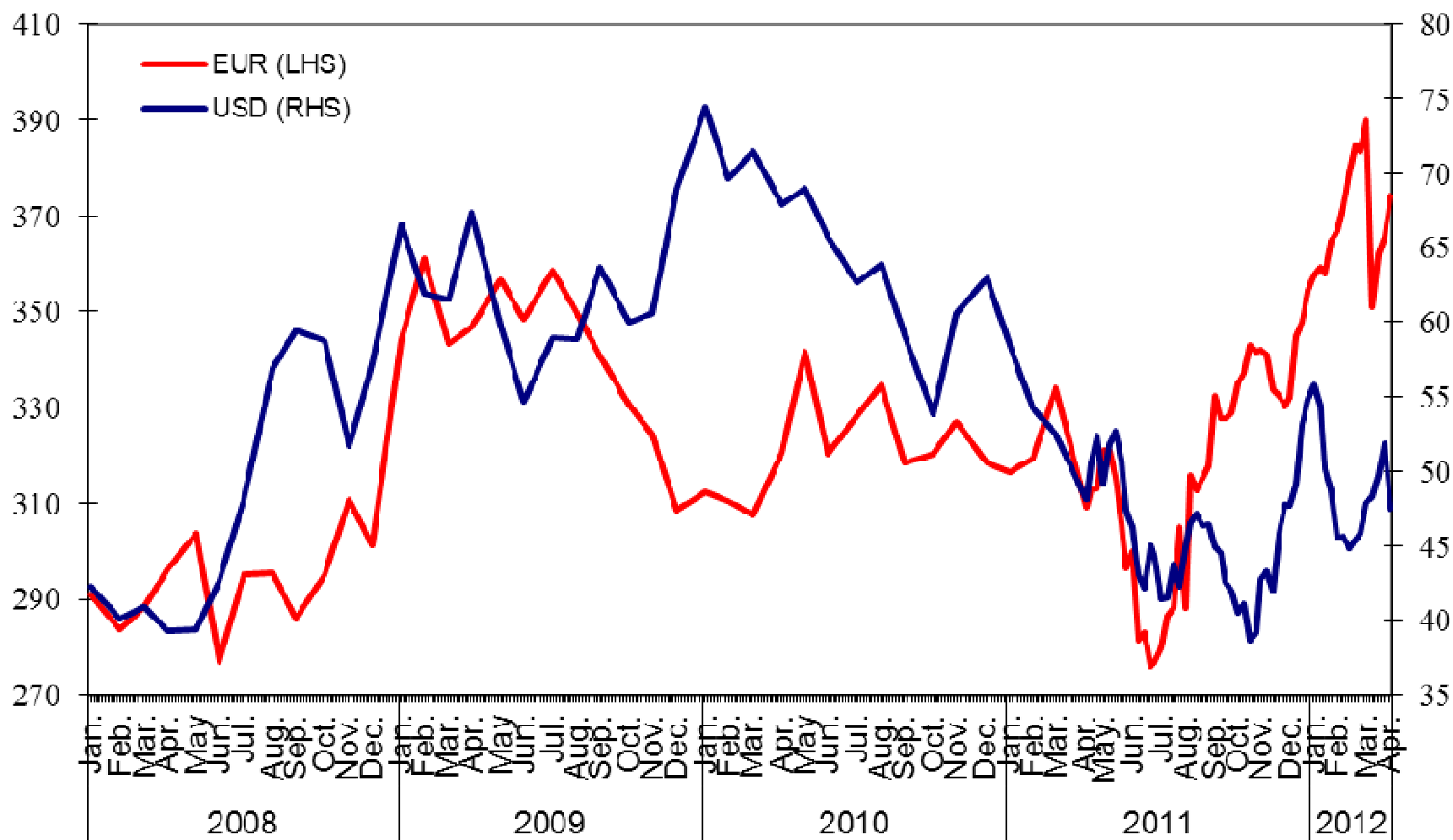


### Number of STEP programmes by sector (%)



# Increase in the issuance of STEP securities denominated in EUR

Amounts outstanding broken down by currency (EUR billions)

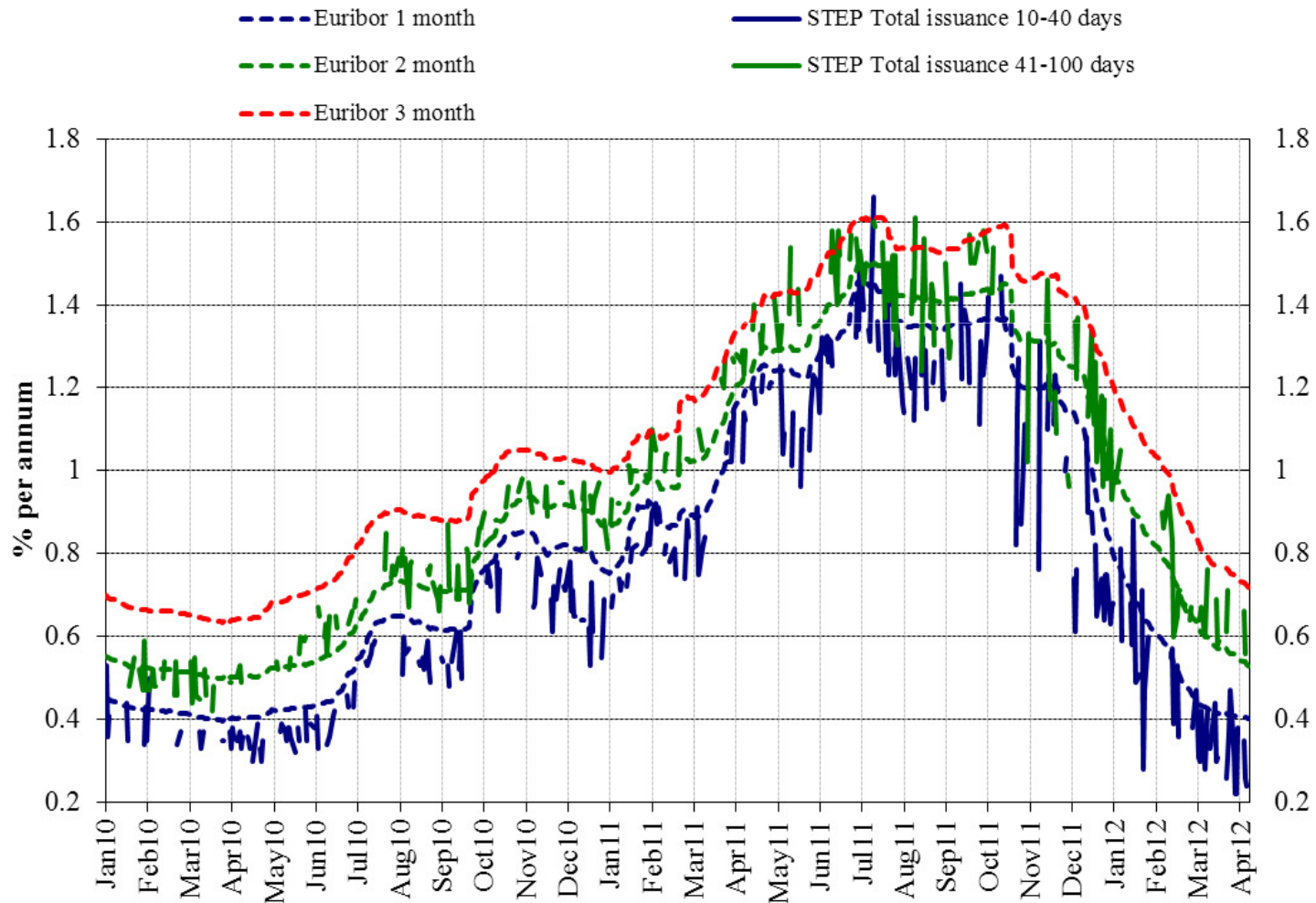


Source: ECB, monthly figures, weekly as of end-April.

EUROPEAN CENTRAL BANK

# Developments of yields

## STEP vs EURIBOR



# Structure

1. **STEP statistics – Recent developments of STEP data**
2. **STEP statistics – New developments**

# News I: Decision of the ECB Governing Council

- **Decision of the ECB Governing Council in September 2011 to “abolish the eligibility requirement that debt instruments issued by credit institutions,[...] are only eligible if they are admitted to trading on a regulated market” as of January 2012**

|                                    | Total | Other<br>financial<br>MFIs | institutions | Non-financial<br>corporations | General<br>government | Supranational and<br>Insurance corporations<br>and pension funds |
|------------------------------------|-------|----------------------------|--------------|-------------------------------|-----------------------|--|
| Outstanding amounts (EUR billions) |       |                            |              |                               |                       |  |
| Nov.                               | 420.9 | 363.4                      | 9.0          | 16.9                          | 31.1                  | 0.5  |
| Dec.                               | 415.4 | 350.7                      | 9.9          | 15.5                          | 39.0                  | 0.3  |
| 2012 Jan.                          | 454.3 | 383.2                      | 6.4          | 18.8                          | 45.5                  | 0.4  |
| Feb.                               | 442.7 | 381.4                      | 4.1          | 19.1                          | 37.7                  | 0.4  |
| Mar.                               | 470.7 | 407.3                      | 4.4          | 17.4                          | 41.3                  | 0.3  |
| Growth rate (% , month-on-month)   |       |                            |              |                               |                       |  |
| Dec.                               | -1.3  | -3.5                       | 9.7          | -8.1                          | 25.5                  | -32.9  |
| 2012 Jan.                          | 9.4   | 9.3                        | -35.2        | 21.0                          | 16.7                  | 22.9   |
| Feb.                               | -2.5  | -0.5                       | -35.4        | 1.9                           | -17.2                 | 7.5  |
| Mar.                               | 6.3   | 6.8                        | 6.8          | -9.1                          | 9.5                   | -23.4  |
| Growth rate (% , year-on-year)     |       |                            |              |                               |                       |  |
| Dec.                               | 2.1   | 3.9                        | 68.1         | -10.8                         | -14.8                 | 0.3  |
| 2012 Jan.                          | 15.6  | 14.6                       | 17.1         | 12.0                          | 26.4                  | -16.6  |
| Feb.                               | 13.8  | 10.6                       | -27.4        | 20.4                          | 70.7                  | -28.8  |
| Mar.                               | 17.2  | 15.7                       | -25.1        | 9.6                           | 52.1                  | -51.5  |

## **News 2: Remaining reporting problems of 2 Security Settlement Systems to be solved in September 2012**

- ***One issue, currently restricting the dissemination of outstanding amounts per individual programme to a weekly frequency, are restrictions of two Security Settlement Systems (Euroclear France and Netherlands)***
- ***A short-term solution has been put in place more than a year ago and the issue was already raised 3 years ago***
- ***This issue will be solved in September 2012 (e-mail of SSS from 20/02/2012)***
- ***Daily test transmissions of OA and NI (no issue yield, no issue price) from relevant SSSs to ECB have already started***

## News 3: New requirements to be implemented

- ***Concentration on more effective visibility and use of STEP statistics:***
- ***Additional formats of files***
- ***New maturity brackets***



***Thank you!***