

11TH MEETING OF THE STEP MARKET COMMITTEE
- Brussels, 06 May 2010, 10.30 a.m. CET -

Minutes

OPENING AND WELCOME

The Chairman, Mr G. RAVOET, welcomed the members and introduced Mr C. QUEMENER as new Manager of Euribor EBF.

The list of participants is attached.

1. APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING

The revised minutes of the previous meeting of the STEP Market Committee, incorporating the comments from *Banque de France* regarding the running of the labelling process independently from the ECB (page 3 of the minutes), were unanimously approved by the participants.

2. OUTCOME OF THE LEGAL REVIEW OF THE STEP MARKET CONVENTION

Mr G. RAVOET informed the participants of the outcome of Allen & Overy's advice and legal opinion on the revised Convention (drafts).

Allen & Overy had split the analysis in two parts:

- A comparison of the requirements of the STEP Market Convention with national legislations, through a survey filled in by Counsels in the relevant jurisdiction; and
- A legal opinion on the enforceability of the Convention according to Belgian law.

Regarding part 1 (survey), the country reports did not identify inconsistencies between the legislation applicable in their jurisdiction and the STEP label and criteria, except for two remarks (Spain and France):

- In France, a specific type of commercial paper (*Bons à Moyen Terme Négociables*) must have a maturity of more than one year and is therefore not

STEP compliant. However, all other types of commercial paper in France can be STEP compliant (Question 8 on p.29); and

- In Spain, for the reasons further detailed in the response to Question 5 (on p.44), Spanish non-listed Notes may not be STEP compliant insofar as the requirement regarding issuance in a SSS (Securities Settlement Systems) is concerned, and the requirement to have an ISIN code attributed.

The draft Legal opinion (part 2) provided by Allen & Overy fulfilled the STEP Market Committee's expectations.

Additionally, a disclaimer clause on the liability of Euribor EBF, Euribor ACI, and the STEP Market Secretariat, drafted by Allen & Overy, was to be added to the STEP market Convention.

It was agreed that the new STEP Market Convention would be signed and launched on the occasion of a press conference (date to be determined).

3. FEEDBACK ON THE LAUNCH OF THE CONTRIBUTIONS' MODEL

Following the communication to the market on the STEP contributions' model in April 2010, the participants agreed that the contributions' model was generally well accepted by market participants, except for a few small issuers, mainly from Belgium.

4. STEP SECRETARIAT REPORT ON THE LABELLING PROCESS

a. Presentation on STEP Market Data Evolution.

Mr C. QUEMENER gave a presentation on STEP Market Data Evolution. He commented that there had been sustained developments in the number of programmes since 2006, with a peak in 2009 (mainly due to the enlargement of the ECB collateral eligible criteria). There had been an average of 37 new programmes *per* year.

He also commented on the outstanding amounts of the STEP labelled programmes, which had risen to around EUR 404 billion on the date of the meeting and were steadily evolving on a yearly basis. He added that there was a good balance between domestic and ECP programmes.

Finally, Mr QUEMENER shared the Secretariat's future strategic development tracks with participants the improvement of the STEP Secretariat services to the issuers and other market participants, the prospect of reaching new markets, and the promotion of the STEP label.

b. *Update on the STEP labelling process since the last meeting.*

Ms G. MARQUES reported on the STEP labelling process since the previous meeting of the Market Committee.

She informed members that since the previous meeting (15 December 2009), the STEP Secretariat had granted 14 new labels, including 5 ECP, 5 ECP/ECD, 2 French CD, and 2 French BT. One programme had been withdrawn on the request of the issuer. She added that the Secretariat was receiving several annual/exceptional updates a week.

She concluded that, on 28 April 2010, the total number of active STEP labels amounted to 162, which was already above the expectations of the STEP Market Committee for the year 2010.

5. REPORT FROM THE ECB ON STATISTICS

Mr B. FISCHER reported on the ECB statistics on the STEP market (enclosure 2).

He commented that the curve of the outstanding amounts of the STEP labelled programmes was reflecting the positive development of the STEP label, despite the slight decrease following the ECB announcement of the narrowing of the ECB collateral eligibility criteria. He added that this was a positive sign that the STEP project was fostering financial integration.

He also explained that the non-financial corporations were gaining a fair share of the outstanding amounts by type of issuers.

On the publication of the data, he informed the participants that the ECB-STEP webpage had been re-designed to reflect the increased level of detail. Tables are separated by tabulators and split into yield statistics, outstanding amounts, gross issuance, and background information. In addition, the webpage contains a link to the Statistical Data Warehouse which provides online access to a vast quantity of statistical data and *metadata* available at the ECB.

To conclude, Mr FISCHER explained that the STEP statistics' presentation had been considerably enhanced and asked the participants for their feedback in order to improve the presentation even further, and to ensure that the data are fit for use by market participants.

Regarding the publication of outstanding amounts by individual programmes on a weekly basis, Mr B. FISCHER explained that there was an issue with Euroclear France was not transmitting the data to the ECB. The members recalled the importance for the industry to access such data, and the transparency criteria behind it. It was agreed that, at a first stage, the ECB would try to handle the issue on its side, with the support of the EBF if needed.

6. DEVELOPMENT OF THE STEP MARKET IN 2011

The participants shared views on the developments of the STEP market following the restriction of the ECB eligibility criteria. They agreed that the number of new requests would most probably decrease, while the number of existing programmes might stay at a certain steady level.

Mr C. QUEMENER raised the possibility of developing the STEP market (1) internally - by expanding the ECP market (UK-focused marketing actions) - and (2) externally - by expanding the market to non-European countries.

7. COMMUNICATION ON THE STEP PROJECT

Mr G. RAVOET highlighted the need to enhance communication for the STEP label, the more so since market conditions were likely to change (narrowing of ECB's collateral eligibility criteria).

Consequently, Mr G. RAVOET suggested organising a press conference in Brussels, (at which the new STEP Market Convention would be signed) that would bring together international newspapers, both European and American. This, alongside the participation of the EBF Executive Committee Chair or President, the Euribor-ACI's President, an expert from the Market Committee, a representative from the ECB, Mr C. QUEMENER, and Mr RAVOET. The objective would be to promote the STEP market in Europe, and the US, as a transparent, standardised way of financing the 'real economy'.

Mr RAVOET added that a future event could be organised in London, in order to promote the STEP label and raise the interest of the ECP market, with the sponsorship of other Associations, and/or market participants (e.g. dealers, banks, arrangers?) once the Euribor-EBF budget permitted.

8. ANY OTHER BUSINESS

End of STEP Market Committee's mandate (September 2010)

Mr G. RAVOET informed members that their respective mandates were coming to an end in December 2010. The Secretariat was requested to take the necessary steps *vis-à-vis* the respective General Assemblies of the Euribor EBF and Euribor ACI regarding the (re-)election of Market Committee members for the next two years. He suggested to members wishing to renew their mandate to contact their respective Associations.

Mr RAVOET insisted on the fact that members should be as active and as present as possible, at and in the Market Committee meetings, and related events. He recalled that according to the new STEP Market Convention, a member who fails to attend more than three consecutive meetings shall be replaced.

He added that under the new STEP Market Convention the STEP Market Committee would be composed of 12 members instead of the current 10.

9. DATE AND PLACE OF NEXT MEETING

It was agreed that the next meeting of the STEP Market Committee would be held in Brussels in late November / early December 2010.

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Enclosure: 1-D0788A-2010
2-D1291A-2010

11th STEP MARKET COMMITTEE MEETING
- Brussels, 6 May 2010 -

List of participants

Members:

Mr	Guido RAVOET (Chair)	European Banking Federation
Ms	Claudia BENCI	Banca Monte dei Paschi (<i>via conf call</i>)
Mr	Philippe BILLOT	Pictet Gestion
Mr	Marnix BRUNING	ING Bank
Mr	Franck HEBEISEN	Société Générale (<i>via conf call</i>)
Mr	Francesco GALIANA	BSCH (<i>via conf call</i>)
Mr	Koen SCHÖNINGH	Volkswagen Group
Mr	Colin WITHERS	Standard Bank (<i>via conf call</i>)

Non-voting Members:

Mr	Björn FISCHER	European Central Bank
Mr	Michel STUBBE	European Central Bank

STEP Secretariat:

Ms	Gaëlle MARQUES	Euribor EBF
Mr	Cédric QUEMENER	Euribor EBF

Observers:

Ms	Marie-Sybille BRUNET-JAILLY	Banque de France
Mr	Alain PREDOUR	Banque de France
Mr	Daniel GOMEZ-SCHNACKENBERG	DZ Bank
Mr	Marc LEJOLY	National Bank of Belgium

Apologies:

Mr	Timothy O'CONNEL	European Investment Bank
Mr	Michael SCHNEIDER	DZ Bank

STEP statistics

Developments and prospects

Björn Fischer

ECB, Division Monetary and Financial Statistics

11th Meeting of the STEP Market Committee

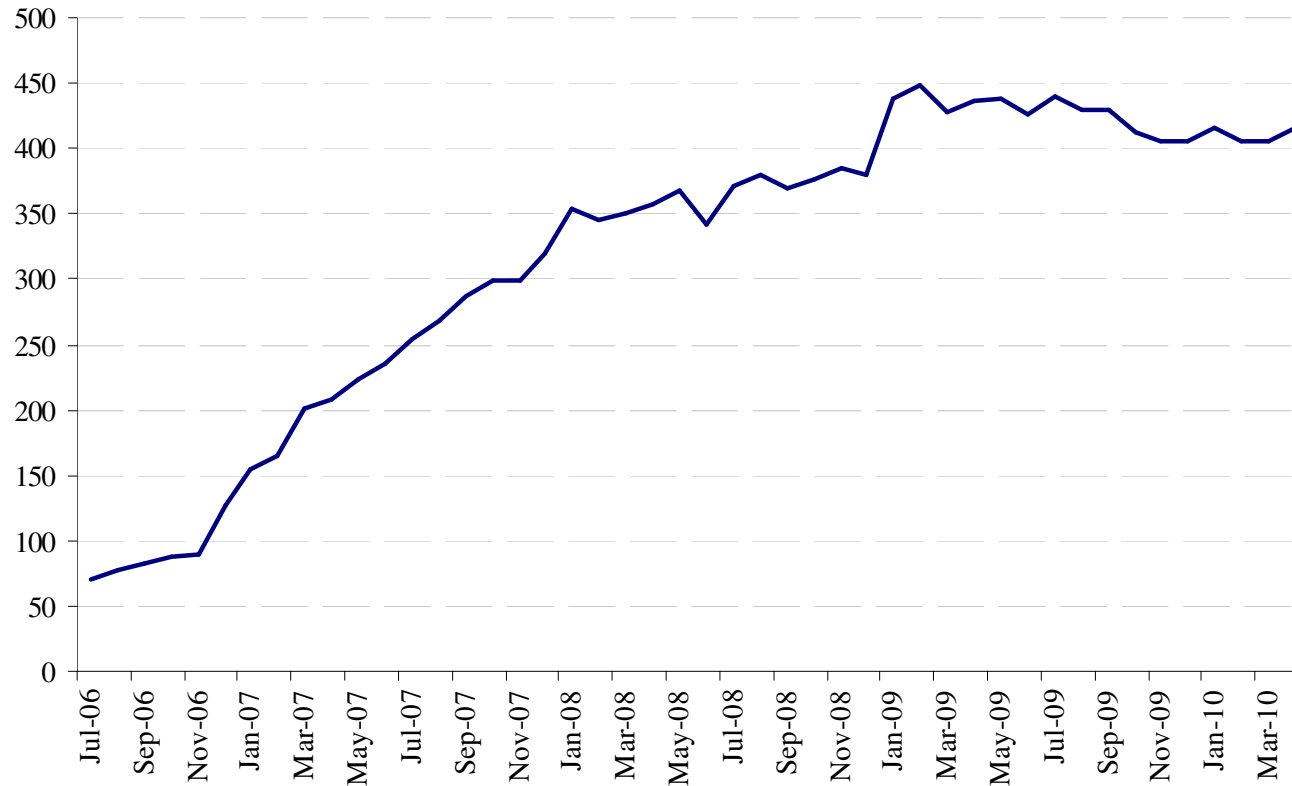
Brussels, 6 May 2010

Structure

- 1. STEP statistics – Recent Developments**
2. STEP statistics - Next steps

Developments in STEP statistics – absolute size

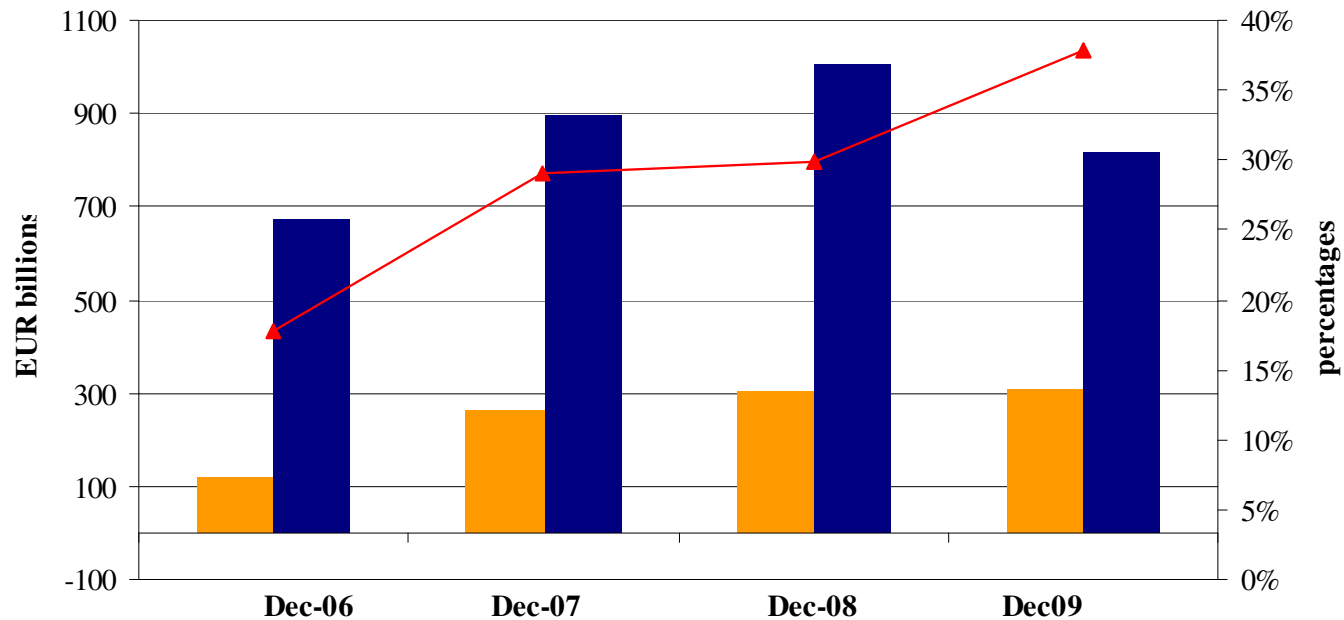
Outstanding amount in € billion



Developments in STEP statistics – relative size

Outstanding amount in € billion

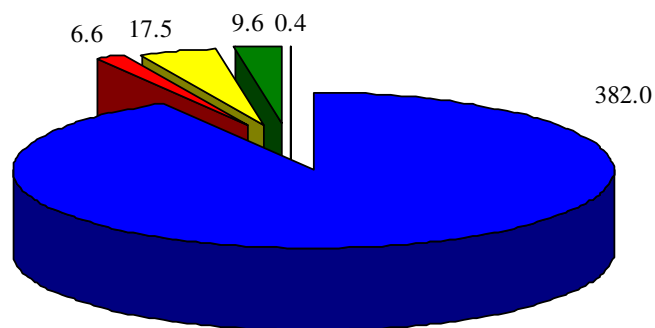
- Euro denominated outstanding STEP issues
- Euro denominated non-government short-term debt securities issues worldwide
- ▲ Share of euro denominated STEP issues on euro denominated non-government short-term debt securities



Developments in STEP statistics – structure of the market

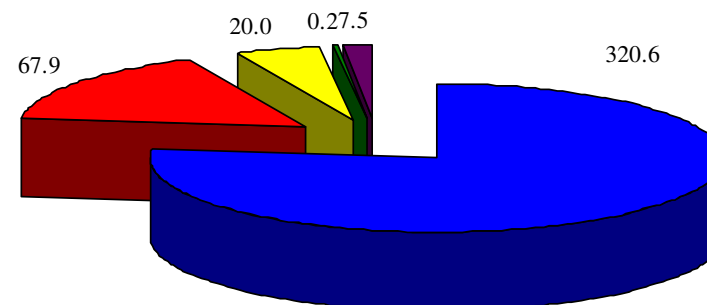
**Outstanding amount by type of issuer
(end-April 2010, € billion)**

- Monetary Financial Institutions
- Other financial institutions
- Non-financial corporations
- General government
- Insurance corporations and pension funds



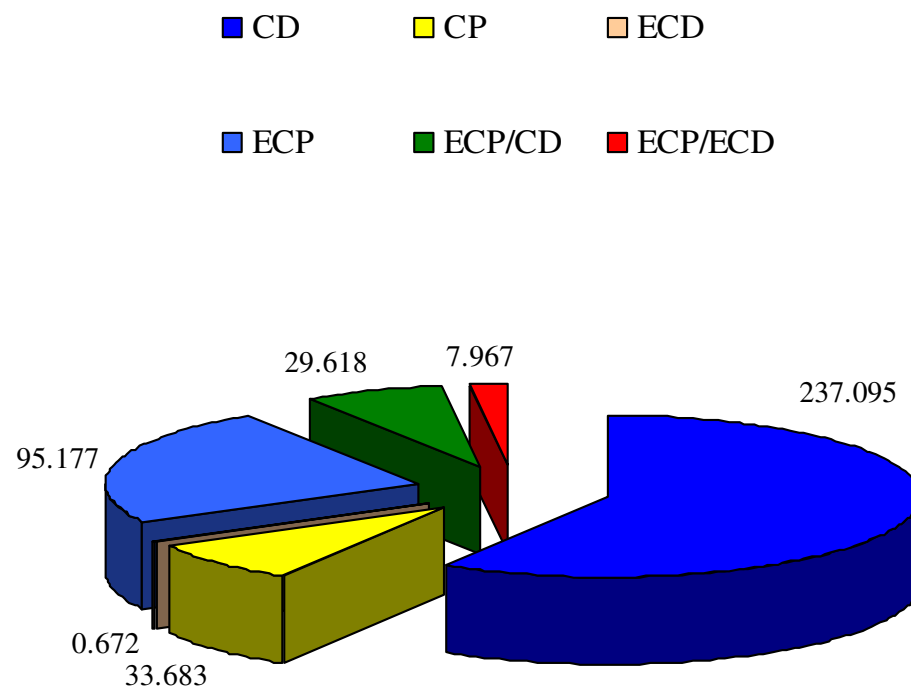
**Outstanding amount by currency of issuance
(end-April 2010, € billion)**

- EUR
- USD
- GBP
- JPY
- Other



Developments in STEP statistics – structure of the market

Outstanding amount by type of programme (end-March 2010, € billion)



Developments in STEP statistics – publication of data

- **Dissemination of daily data on a weekly basis (Monday, 02.00 p.m.) via web page and *Statistical Data Warehouse***
- **Amounts outstanding broken down by sector of the issuer, maturity, rating category and currency.**
- **New issuances broken down by sector of the issuer, maturity and rating category.**
- **Spreads between the EONIA and the yields on new issues of euro-denominated STEP securities, broken down by sector of the issuer, maturity and rating category.**
- ➔ **Higher level of detail and increased visibility and user-friendliness of STEP statistics.**

Developments in STEP statistics - webpage

ECB: Short-Term European Paper (STEP) - Windows Internet Explorer provided by European Central Bank

Address: <http://www.ecb.int/stats/money/step/html/index.en.html>

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Languages: **English**

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Home > Statistics > Monetary and financial statistics > Short-Term European Paper (STEP)

Short-Term European Paper (STEP)

Yield statistics | Amounts outstanding | Gross issues | Background | Disclaimer

Yields on new issues of euro-denominated STEP securities, broken down by sector of the issuer, original time to maturity and rating category for zero coupon instruments, on 30 Apr 2010 (percentages per annum)

Original time to maturity (in calendar days)	Total issuance	General					Insurance corporations and pension funds
		government and international organisations	Monetary financial institutions	Non-financial corporations	Other financial intermediaries		
All ratings							
0-3	0.23	ND	0.23	ND	ND	ND	
4-9	0.24	ND	0.24	ND	ND	ND	
10-40	0.35	-	0.37	-	-	ND	
41-100	0.53	ND	0.52	0.79	ND	ND	
101-200	-	ND	0.75	-	ND	ND	
201-366	-	ND	0.90	-	ND	ND	
Rating 1							
0-3	0.23	ND	0.23	ND	ND	ND	
4-9	0.24	ND	0.24	ND	ND	ND	
10-40	-	-	0.37	ND	ND	ND	
41-100	0.50	ND	0.50	ND	ND	ND	
101-200	0.75	ND	0.75	ND	ND	ND	
201-366	0.90	ND	0.90	ND	ND	ND	
Rating 2							
0-3	ND	ND	ND	ND	ND	ND	
4-9	ND	ND	ND	ND	ND	ND	
10-40	0.59	ND	-	-	-	ND	
41-100	0.70	ND	0.70	ND	ND	ND	
101-200	ND	ND	ND	ND	ND	ND	
201-366	ND	ND	ND	ND	ND	ND	

"ND": data do not exist.
"-": there are fewer than three issuers for the corresponding category.

Related links:
www.stepmarket.org
[Interactive data access](#)
[Statistical Data Warehouse](#)
 Related documents:
[Reporting Instructions](#)
[STEP Methodological Notes](#)

Developments in STEP statistics – Statistical Data Warehouse

The screenshot shows the European Central Bank's Statistical Data Warehouse (SDW) interface. The browser window title is "Yields and spreads above benchmark rates - Short Term European Papers (STEP) - Financial market - Microsoft Internet Explorer p". The address bar shows the URL: http://sdw/browseSelection.do?DATASET=0&SEC_ISSUING_SECTOR=1000&IR_FV_TYPE=C&MATURITY_CAT=0&node=8113924.

The page title is "Statistical Data Warehouse". The breadcrumb trail is: Home > Economic Concepts > Financial markets > Short Term European Papers (STEP) > Yields and spreads above benchmark rates.

The interface includes a navigation menu on the left with categories like "Reference Series", "Economic Concepts", "Financial markets", and "Short Term European Papers (STEP)". The "Short Term European Papers (STEP)" category is expanded, showing "Yields and spreads above benchmark rates" as the selected item.

The main content area shows the configuration for the selected dataset:

- Data Selection:** Explanation, Data Table, Data Chart, Advanced Filter, Add to My Data, Export, Select export type.
- Selected Datasets (1):** (1 dataset selected)
- Filter Options:**
 - Frequency: Business
 - Geographic Area: All, World (all entities)
- Securities issuing sector (6):** Total economy, All, General government and International Institutions (Rest of the World), Insurance corporations and pension funds.
- Interest rate type (fix/var) (1):** Zero coupon
- Maturity category (6):** 4-9 days, All, 0-3 days, 10-40 days.
- Securities data type (1):** Issue Yield

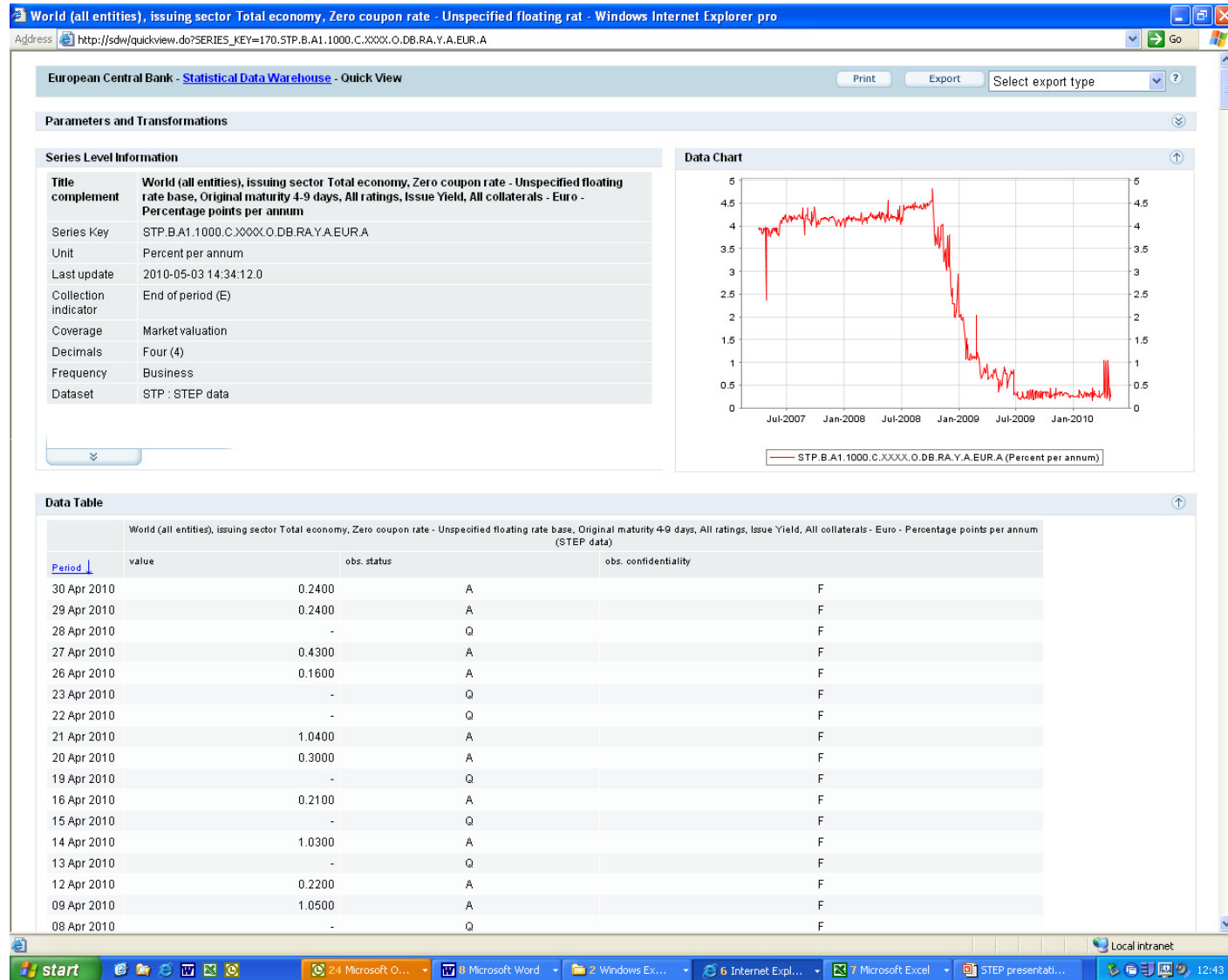
Common Description: Dataset name: STEP data ; Frequency: Business ; Reference area: World (all entities) ; Securities issuing sector: Total economy ; Interest rate type (fix/var): Zero coupon ; Floating rate base: Unspecified ; Maturity type: Original ; Maturity category: 4-9 days ; Securities data type: Issue Yield ; Collateral: All collaterals ; Currency of transaction: Euro ; Series suffix - SEC context: Percentage points per annum

Selected Series (3):

<input type="checkbox"/>	Title	Key	From	To
<input type="checkbox"/>	Highest credit ratings	STP.B.A1.1000.C.XXXX.O.DB.R1.Y.A.EUR.A	02 Apr 2007	11 Dec 2009
<input type="checkbox"/>	High credit ratings	STP.B.A1.1000.C.XXXX.O.DB.R2.Y.A.EUR.A	02 Apr 2007	11 Dec 2009
<input type="checkbox"/>	All ratings	STP.B.A1.1000.C.XXXX.O.DB.RA.Y.A.EUR.A	02 Apr 2007	11 Dec 2009

The bottom of the page shows the URL: <http://sdw/browse.do?node=17126> and the text "Local intranet".

Developments in STEP statistics – Statistical Data Warehouse



Structure

1. STEP statistics - results
2. **STEP statistics - Next steps**

STEP statistics – next steps

- ***Main next step: Publication of outstanding amounts by individual programmes***
- ***Necessary conditions:***
 - ***Technical aspects: finalised.***
 - ***Reporting by SSS: Increase pressure on reaching integration of two data providers currently not reporting (Euroclear France and Euroclear Netherlands)***

STEP statistics – next steps

- **Publication of outstanding amounts by individual programs (preliminary example)**

https://pp-step.ecb.de:9443/Step/jsp/tablePreview.jsp - Windows Internet Explorer provided by European Central Bank

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Address | Go Links >>

Amounts outstanding of STEP securities by programme and currency from 1 Feb 2010 to 19 Apr 2010 (EUR millions)

<input type="checkbox"/> +	STEP ID	Program name	Program ceiling	Accounting currency	Amount outstanding 1 Feb 2010	Amount outstanding 19 Apr 2010	Highest amount outstanding 1 Feb 2010-19 Apr 2010	Lowest amount outstanding 1 Feb 2010-19 Apr 2010
<input type="checkbox"/> +	0001441	AB InBev Multi Issuer Belgian Commercial Paper Programme	1,000		627	687	687	626
				EUR	627	687	687	626
<input type="checkbox"/> +	0001864	AEGON N.V. French Billets de Tresorerie	1,000			307	307	0
				USD		19	19	0
				EUR		288	288	0
<input type="checkbox"/> +	0000150	AXA Bank Europe SA Multi Currency Certificates of Deposit Programme	1,000		330	330	370	270
				EUR	330	330	370	270
<input type="checkbox"/> +	0001693	African Development Bank ECP	2,000		191	223	500	190
				USD	191	223	500	190
<input type="checkbox"/> +	0000675	Allied Irish Bank plc Euro Commercial Paper Programme	5,000		2,182	2,049	2,412	2,004
				USD	201	241	397	174
				GBP	15	4	43	4
				CHF	75	63	83	63
				CAD	7	7	7	7
				HKD	-	53	53	0
				EUR	1,884	1,681	2,045	1,608
<input type="checkbox"/> +	0000573	Allied Irish Banks plc French Certificats de depot Programme	5,000		334	38	334	38
				EUR	334	38	334	38

Done Local intranet

STEP statistics – next steps

- ***Further steps to improve STEP overall data quality and usage***
 - ***Stricter quality control for sectoral assignment and statistics.***
 - ***Stricter provision of information on prices and yields to security settlement systems (in particular provision to Clearstream Luxembourg seems to be with considerable holes).***
 - ***Signing of new contracts with data providers following the final approval of the new Convention. (Necessary, as STEP statistics can, following the new Convention, be used by the ECB for monetary policy and financial stability purposes).***

Update on STEP statistics

Thank you!