

GM
0421-2010

Brussels, 13 December 2010

Communication to market participants on the new STEP Market Convention

Dear Sir/Madam,

On 25 October 2010, Euribor-EBF and Euribor-ACI formally adopted the new STEP Market Convention (see [attached](#) press release). The new STEP Market Convention is a compromise between different market practices on the one hand, and between dealers, issuers and investors' requirements on the other. It is more flexible than the original one.

Main Changes to the STEP Market Convention:

1. A sub-category comprising special purpose securitization vehicles which issue ABCPs (Asset Backed Commercial Papers) has been added to the types of issuers. A definition of ABCPs will be provided in a separate glossary available on the STEP website. (*Art. 1.1*)
2. The eligibility for the STEP label has been extended to Notes governed by the laws of EU Members States + States participating in General Arrangements to Borrow of the International Monetary Fund. (*Art. 1.2*)
3. The disclosure information published on the website, newly named "STEP information package", will include:
 - a. the Information Memorandum describing the programme and the Issuer(s) (and eventually guarantor(s)).
 - b. electronic copies of or active hyperlinks to last 2 annual reports validated by the Annual General Meeting or equivalent doc (for supra national as an, example);
 - c. the auditor's opinion on annual accounts;
 - d. rating letters on the programme (if any);
 - e. the copy of full text of guarantee (if any);
 - f. any other additional document (guarantee, legal opinion, presentation, press releases, ...), optional.(*Art. 1.7*)
4. The signature of the information memorandum will be optional but will remain mandatory for other jurisdictions. For the purpose of the STEP label, signature is nevertheless highly recommended. (*Art. 1.7.3*)

5. The minimum issuance amount shall not be less than EUR 100,000 or equivalent in other currencies (previously EUR 150,000). (*Art. 1.5*)
6. Regular updates (*Art.2.3.1*):
 - a. The issuer shall update the information memorandum at least every three years +90 days (previously 60 days) of the date of the last info memo.
 - b. The issuer shall update the other mandatory documents (*i.e.* annual reports) normally annually, and in any case as soon as they are approved, but no later than 90 days of the date of the approval.
7. Exceptional updates: in the event of any change in one of the programme's rating, the issuer must inform the STEP Secretariat immediately after such change is notified to the issuer by the relevant rating agency and provide updated rating agencies' letters to the STEP Secretariat within 21 calendar days of their receipt by the issuer. (*Art. 2.3.2*)
8. Supplements to the info memo will be accepted for minor exceptional updates. (*Art. 2.3.2*)
9. The form of application and declaration of adherence have been merged into one single document and include a section certifying the information provided in the STEP Documentation. This declaration will not be public and will be kept by the STEP Secretariat. (*Annex 2*)
10. A number of sections of the information memorandum have been made optional, *i.e.* purpose of the programme, involvement of national authorities, list of main shareholders. (*Annex 3*)
11. The following sections have been added to the description of the programme and the programme: Contact details, additional information and name and address of the independent auditors, rating(s) of the issuer. (*Annex 3*)
12. A number of sections (*annex 1*) have been adapted to the role of the ECB, which is now limited to the production of STEP statistics. The ECB will also internally use the data for non-statistical purposes contributing to the implementation of monetary policy or the analysis of financial stability while protecting the confidentiality of individual yield or price data. (*Art. 5, Annex 4*) (<http://www.ecb.int/stats/money/step/html/index.en.html>)

Effective date and transitional provisions:

The new STEP Market Convention will be effective as of **1 February 2011**. After that date every new programme will have to comply with the provisions of the new STEP Market Convention. In case of existing programmes, issuers are requested to make sure that their annual update is compliant with the new Convention. Issuers/arrangers are invited to submit draft documents to the Secretariat for pre-screening before signature.

Contact details:

For any further information, please contact Ms Gaëlle Marques and Mr Cédric Quéméner at the STEP Market Secretariat at secretariat@step-market.org or +32 2 508 37 11.

Yours Sincerely,

Mr Guido RAVOET
EBF Secretary General and
Chairman of the STEP Market Committee

Enclosures: 1-Press Release on the launch of the new STEP Market Convention
2-New STEP Market Convention