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Background information on the STEP initiative

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- The STEP (Short-Term European Paper) initiative has been launched in 2006 by Euribor-EBF and Euribor-ACI with the support of the ECB and the ESCB, with the aim of fostering the integration and transparency of the European markets for short-term paper, which used to have a very low degree of harmonization and transparency, through the convergence of market standards and practices.
- In practice, a Market Convention sets out the STEP criteria and requirements relate to the disclosure of information, the format for documentation, settlement, and the provision of data for the production of STEP statistics.
- The STEP market gathers a wide range of issuers such as corporates, monetary financial institutions, central governments or local authorities and supranational/international organizations, from diverse countries and issuing in different currencies.

Detailed statistics and Transparency

- The publication of comprehensive statistics on the STEP issuances by the ECB is a key factor of transparency and provides investors a unique feature to gauge their credit exposure toward a programme.
- Daily, weekly or monthly statistics on, *inter alia*, outstanding amounts, new issuances of STEP securities and spreads between the EONIA and the yields on new issues of euro-denominated STEP securities with break downs by sector of issuer, maturity, rating category and currency are calculated by the ECB and published on the ECB and STEP websites¹.

ECB eligibility

- In November 2008, the ECB announced its decision to expand the list of assets eligible for collateral in Eurosystem credit operations to include STEP labeled papers issued by banks. Despite the discontinuation of this measure at the end of 2010, the STEP market proved its robustness² until it was re-introduced in January 2012.
- The measure introduced in January 2012 specifies that unsecured debt instruments issued by a credit institution will only be used as collateral if the value assigned does not exceed 5% of the total value of collateral submitted (instead of 10% previously).

¹ STEP statistics are calculated and published by the ECB at <http://www.ecb.int/stats/money/step/html/index.en.html> and on the STEP website at <http://www.stepmarket.org/statistics.html>.

² *Developments in the STEP Market*, By the ECB Statistics Team. Published in Euribor-EBF Newsletter N°2 - February 2012, <http://www.stepmarket.org/assets/files/STEP%20Docs/Developments%20in%20the%20STEP%20market%20Feb12.pdf>