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**12<sup>th</sup> STEP MARKET COMMITTEE MEETING  
- Brussels, 25 November 2010 -**

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**Minutes**

**OPENING AND WELCOME**

In the absence of the Chairman, Mr G. RAVOET, it was agreed that Mr C. QUEMENER would chair the meeting.

Mr QUEMENER welcomed the participants ([enclosure 1](#)). He informed the members of the inclusion of investors (the English HSBC and French Amundi) as members of the Market Committee.

**1. APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING**

The minutes of the previous meeting were approved without any further comments.

**2. FEEDBACK ON THE STEP PRESS CONFERENCE**

The Press Conference took place on 25 October 2010 with the participation of Mr Papadia from the ECB, Guido Ravoet, Thierry Cazaux, Cédric Quéméner and three experts from the Market Committee. Some major financial Medias attended the press conference.

At the press conference, Mr Papadia expressed ECB's view that STEP is a very successful market initiative which enhances Market transparency and standardization.

Two articles were issued after the conference (plus a Euribor-EBF press Statement), by Thomson–Reuters (Italy) and Agefi (the most specialised financial newspaper in France).

Despite the small amount of media articles, this press conference was a very preliminary step to acquire the media's interest in the initiative. It allowed members and the Secretariat to establish closer relationships with the journalists, and to start spreading the STEP Label message to a pool of valuable media professionals.

**IMPLEMENTATION OF THE NEW STEP MARKET CONVENTION**

The Market Committee approved the Communication drafted by the Secretariat aimed at informing all market participants of the main changes in the STEP Market Convention with one minor change to the obligation of signing the Information Memorandum for the French

market. It was agreed that the revised Convention should be effective as of (from) 1 February 2011.

It was also agreed that the glossary should be posted on the website along with the revised Convention. The Secretariat was requested to add a definition for TCN and Euro Certificate of Deposit.

#### **4. 2010 CONTRIBUTIONS**

Mr C. QUEMENER reported on the 2010 STEP contributions. He confirmed that most contributions had been paid and asked for members' guidance in the case of unpaid contributions.

Members agreed on a "last-reminder" procedure for unpaid contributions, consisting in writing a letter requesting the issuer to pay its contribution before a certain date. If the issuer does not pay its contribution on a such date, the label will lapse. It was agreed that the Market Committee would co-sign the above-mentioned reminder.

The Secretariat was requested to establish a process that should be published on the website and sent to new issuers.

Mr C. QUEMENER informed the members that 2011 contributions would be collected in January 2011.

#### **5. RATING LETTERS**

Following Moody's change of disclosure policy, it was agreed to maintain the temporary measures consisting of asking issuers to include the rating itself and a link to the Moody's website instead of publishing the rating letter until further notice. This temporary measure only applies to Moody's rating letters.

Members insisted on the fact that the STEP philosophy was based on transparency and accessibility of information

The Secretariat has been requested to prepare a Statement explaining that the disclosure of rating letters is mandatory for obtaining and maintaining the STEP label and to establish contacts with Moody's US in order to find a long-term solution.

#### **6. REPORT FROM THE SECRETARIAT ON STEP LABELLING**

Ms G. MARQUES reported on the STEP labelling since the last meeting. 11 new labels had been granted, including 7 ECP programmes, 3 French CD programmes and 1 French BT

programme. One programme has been withdrawn upon request by the issuer. On 15 November 2010, the total number of active labels amounted to 173.

Year to date, the Secretariat had granted 26 new labels, 17 of which were granted to ECP programmes. The total number of STEP labels granted in 2010 overreached the objective of 20 programmes as estimated in the business plan.

## **7. REPORT FROM ECB ON STATISTICS**

Mr B. FISCHER reported on recent developments on ECB statistics (enclosure 2).

According to ECB statistics, the STEP initiative was successful in its aim to foster financial integration. Following the introduction of the STEP label in 2006, the outstanding amount of STEP labelled programmes had grown significantly from approximately EUR 70 billion to the current level of around EUR 407 billion at the end of October 2010, stemming from 172 active STEP labelled programmes in place by November 2010.

More interestingly, STEP debt securities remained relatively unscathed through the financial market turmoil and the total outstanding amount in October 2010 was slightly below the total outstanding amount a year earlier. The relatively positive developments of STEP labelled securities from October 2008 onwards becomes even clearer when comparing certain STEP segments with a benchmark of short-term debt securities issued in euro. Indeed, the share of euro denominated STEP labelled securities not issued by general government has expanded substantially since 2006 in all short-term securities issued in euro by the non-government sector. In particular, in late 2008 and early 2009, when the overall outstanding amounts of short-term euro denominated securities considerably moderated, STEP labelled securities showed a considerably more positive development.

In part, the steady market development might be explained by the fact that the STEP criteria can be applied to other existing market programmes, and that the STEP market was accepted by the Eurosystem as a non-regulated market for collateral purposes between April 2007 and December 2010.

Further evidence on the positive impact of the STEP initiative on financial integration can be achieved when analysing the distribution of the residency of the issuer of STEP programmes. Comparing the distribution of the residency of issuers at the beginning of the STEP initiative in 2006 and nowadays is very telling in this respect. Whereas in 2006, French resident issuers were behind by more than three quarters of the outstanding amounts of STEP labelled securities, the distribution of residency of issuers within Europe in late 2010 was considerably more widespread.

It is difficult to assess the impact of the end of the temporary ECB policy measures, to accept STEP labelled securities issued by monetary financial institutions (MFIs) as eligible assets in

ECB's liquidity operations, on 31 December 2010. The outstanding amounts of STEP securities issued by the Monetary Financial Institutions (MFIs) relative to all issuance activities did not increase significantly between September 2008 and January 2009. And currently, they are even below the percentage observed before the announcement of the temporary measure (in particular due to strong issuance activities by general government). Using the symmetry argument, this would suggest that no strong unwinding in December 2010/January 2011 might be expected by MFIs.

Looking at the developments of the relative number of programmes issued by the MFIs, showed a slightly different picture, as it revealed an increase in the relative importance of programmes issued by MFIs following the announcement of temporary ECB policy measures. Thus, one might expect an unwinding of this relative importance in early 2011. This indicates as well that the size of the programmes by MFIs seems to have decreased in recent years.

In order to provide active support to the new regime in the STEP market prior to the announcement of the new STEP Market Convention, and the introduction of fees for applying and renewing the STEP label, the ECB Statistics, in close collaboration with all eligible data providers closed the final gap in STEP statistics as agreed by the STEP Market Committee: i.e. the publication of outstanding amounts broken down by individual programmes and issuing currency every second working day of the week since late September 2010. First reactions from market participants to these new statistics were positive, signalling interest from investment banks, policy makers and investors.

One potential use of the new statistics is the monitoring of outstanding amounts by individual programmes, and issuing currency, for example monitoring dollar funding needs.

Members thanked Mr FISCHER and specifically requested to receive a copy of his presentation.

## **8. EVOLUTION OF THE STEP MARKET IN 2011**

The members discussed the development of the STEP market after the restriction of the ECB's collateral eligibility criteria. They considered that this measure would affect a few issuers to some extent but noted that listed programmes would continue to be eligible and that the competition between banks to access liquidity would result in ongoing interest in the STEP label.

They agreed that the main objective in 2011 was to maintain the number of STEP programmes at the present level.

They also commented on the need to increase the share of the STEP market in Europe in order to create a case, and to lobby the ECB to include the STEP Market in the eligibility

criteria on a permanent basis. The message for market authorities should be based on self-discipline and transparency.

Mr C. QUEMENER noted that STEP had become a model on the market and that 2011's strategy should be based on Communications and marketing.

It was suggested and agreed, to invite Euronext representatives as observers at the second meeting of the STEP Market Committee in 2011.

## **9. ANY OTHER BUSINESS**

### *a. End of STEP Market Committee's Mandate (December 2010)*

Mr C. QUEMENER informed the members that the new Committee's composition was to be approved on 10 December by the Euribor EBF General Assembly. He added that the Secretariat had received two candidacies from the buy-side, by the intermediary of EFAMA (European Fund and Asset Management Association). He added that the European Investment Bank (EIB) was nominating a new member as well.

### *b. Communications*

Mr C. QUEMENER informed the members that the STEP website would be completely redesigned in the first half of 2011 and asked for members' input. He also confirmed that the first edition of the Euribor-EBF newsletter would be launched in early 2011.

Members agreed on the need for participating in large events, in particular with asset managers. The members were invited to inform the Secretariat of such events.

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

It was agreed that the following meetings in 2011 would be held in Brussels on 20 May and 16 November.

Enclosures: 1-D2130A-2010-list of participants  
2-D0261A-2011-ECB's presentation on STEP statistics

**12<sup>th</sup> STEP MARKET COMMITTEE MEETING**  
**- Brussels, 25 November 2010 -**

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**List of participants**

**Members:**

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

**Non-voting Members:**

Mr	Björn FISCHER	European Central Bank
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**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

**Apologies:**

Mr	Timothy O'CONNEL	European Investment Bank
Mr	Guido RAVOET	European Banking Federation
Mr	Michael SCHNEIDER	DZ Bank

# **STEP statistics**

## **Developments and prospects**

**Björn Fischer**

ECB, Division Monetary and Financial Statistics

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

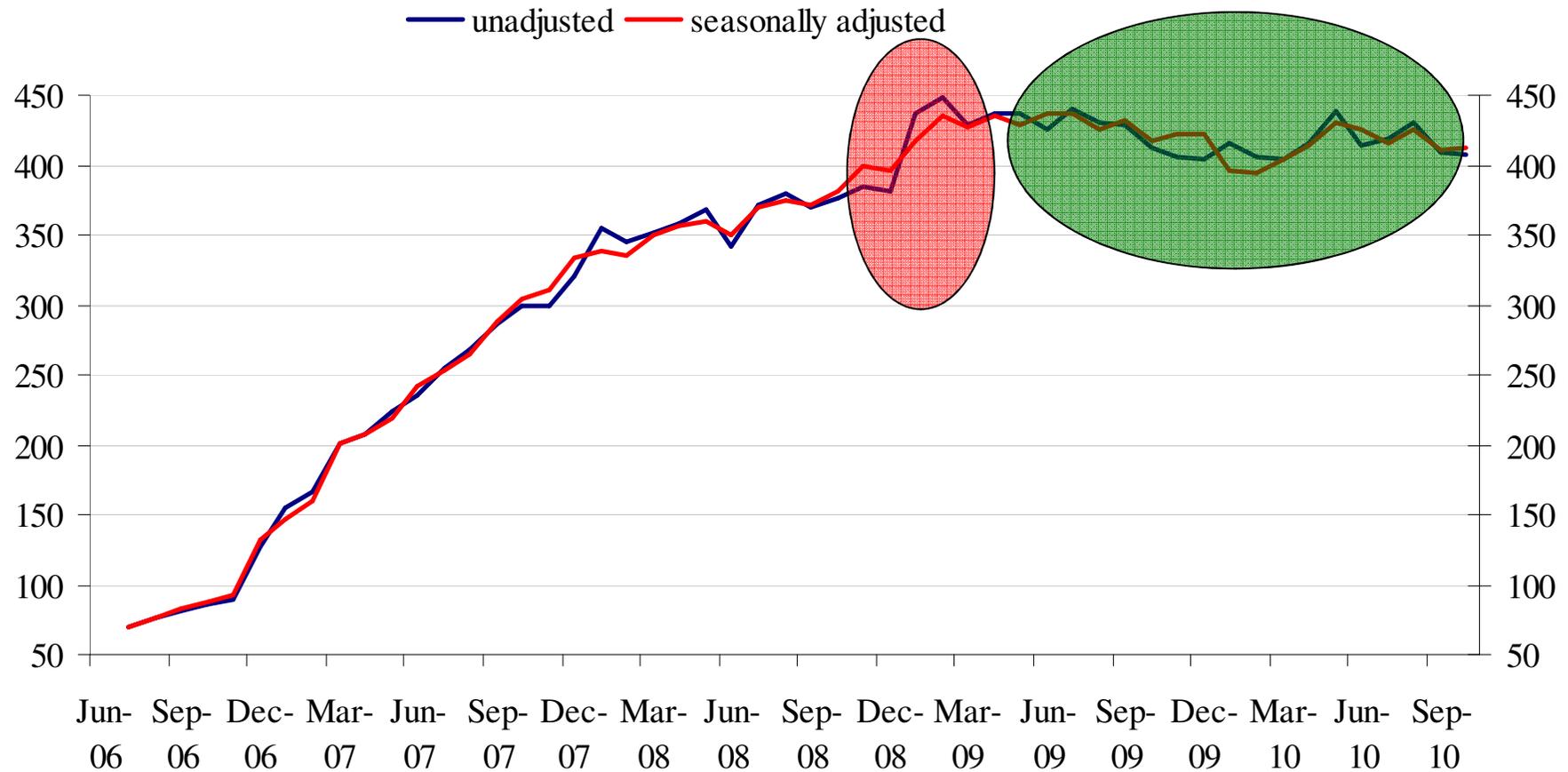
Brussels, 25 November 2010

# Structure

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

# Recent developments in STEP data – absolute size

## Outstanding amounts in € billion

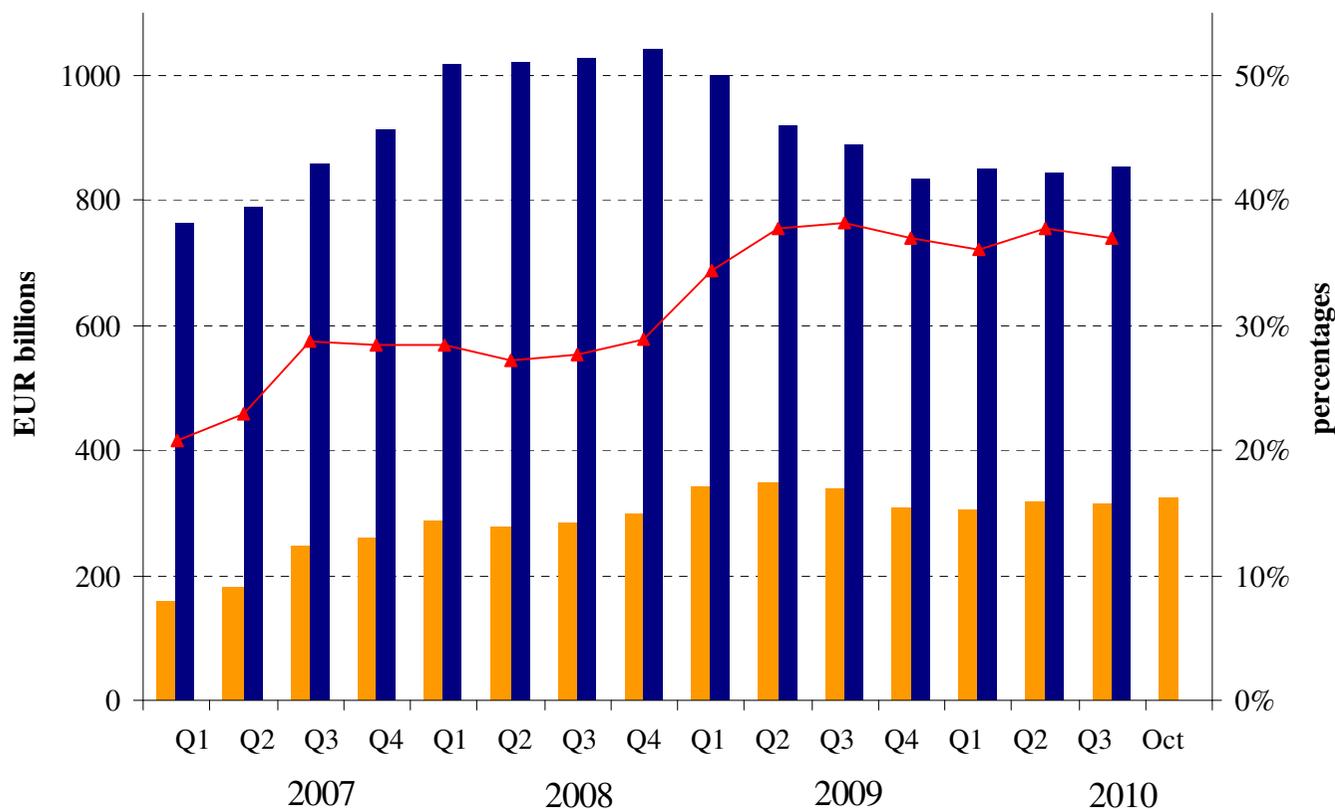


*\*Figure for 23 November: € 424 billion*

# Success of the STEP initiative concerning financial integration? (I/2)

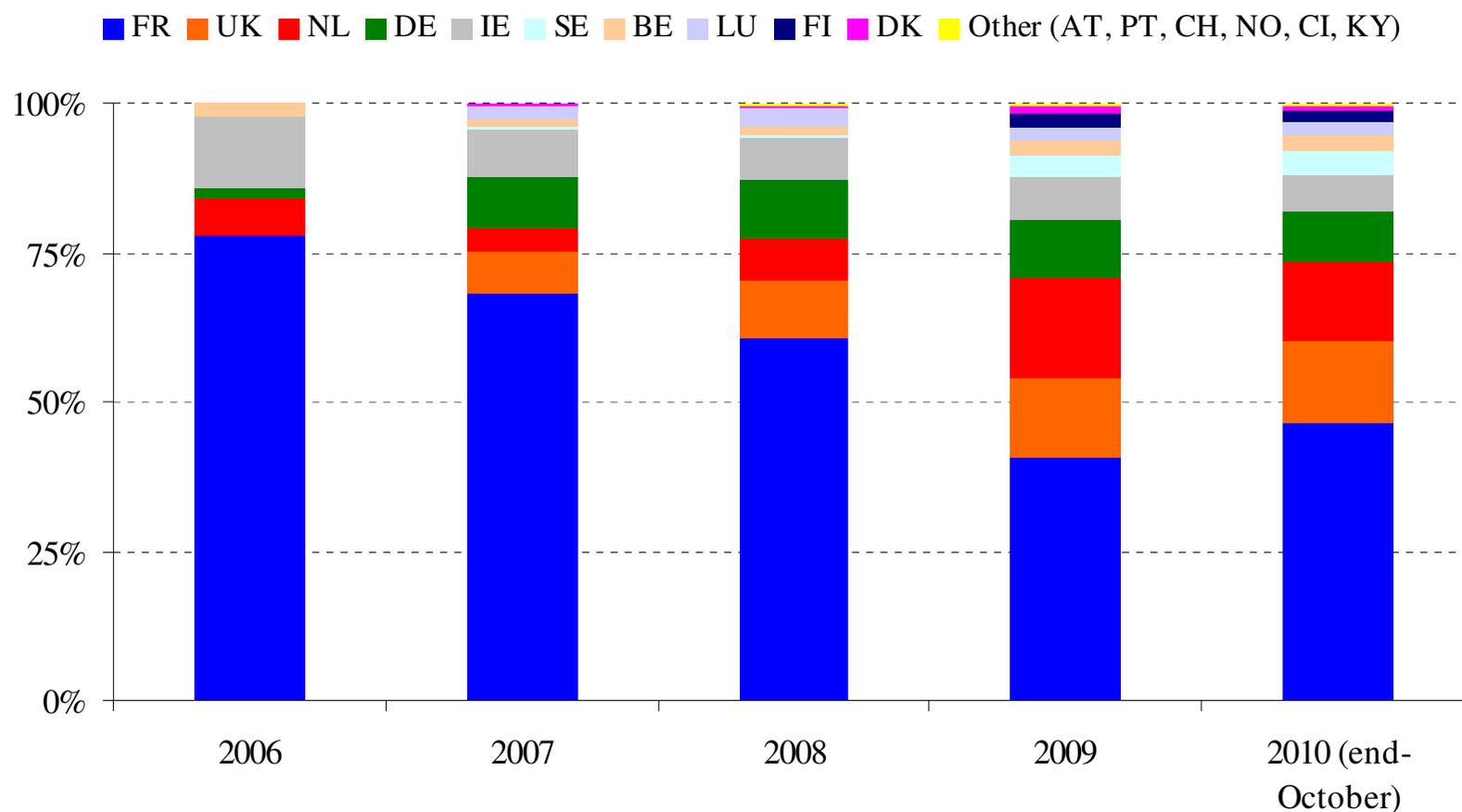
## Outstanding amounts in € billion

- Euro denominated non-government outstanding STEP issues
- Euro denominated non-government short-term debt securities issued worldwide
- ▲ Share of euro denominated non-government STEP issues on euro denominated non-government short-term debt securities (right-hand scale)



# Success of the STEP initiative concerning financial integration? (2/2)

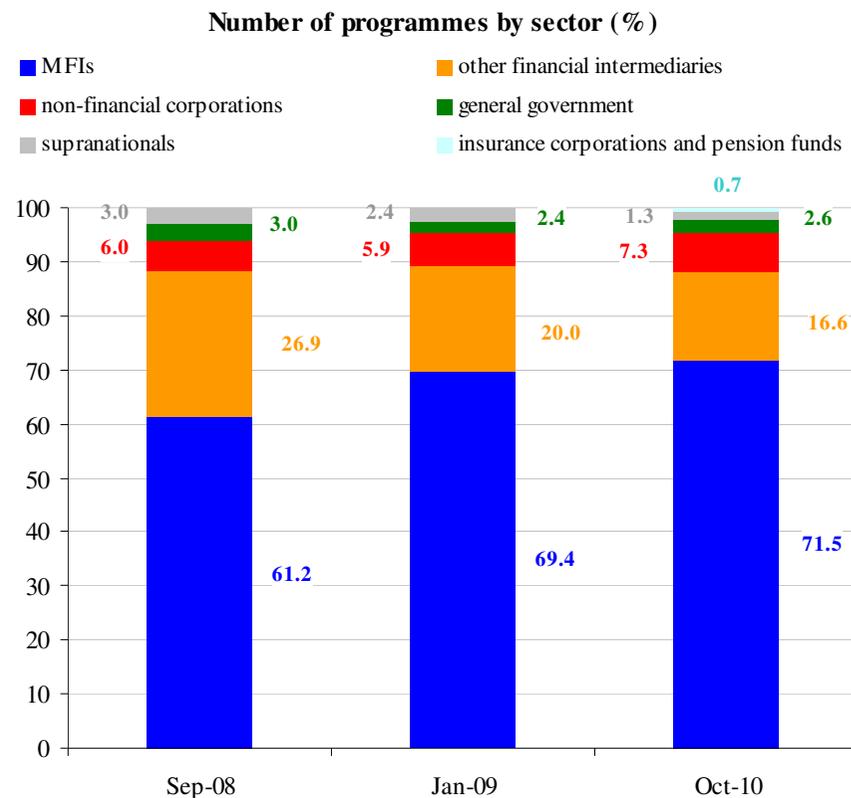
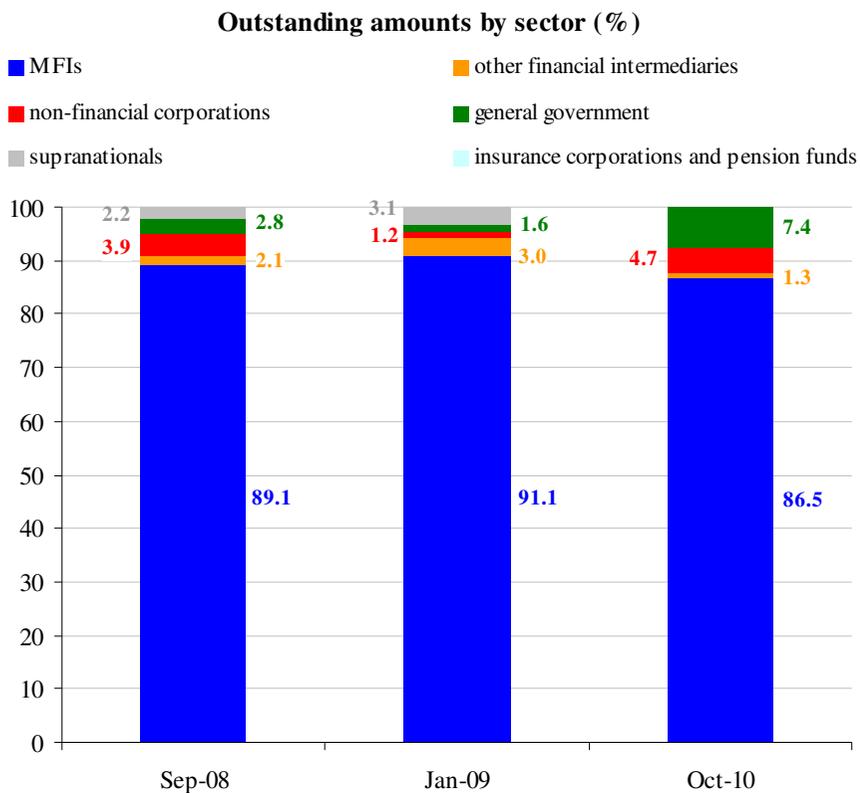
## Outstanding amounts - Share by issuer residency at end-year (%)



# Impact of ECB's announcement to grant/withdraw certain non-standard policy measures?

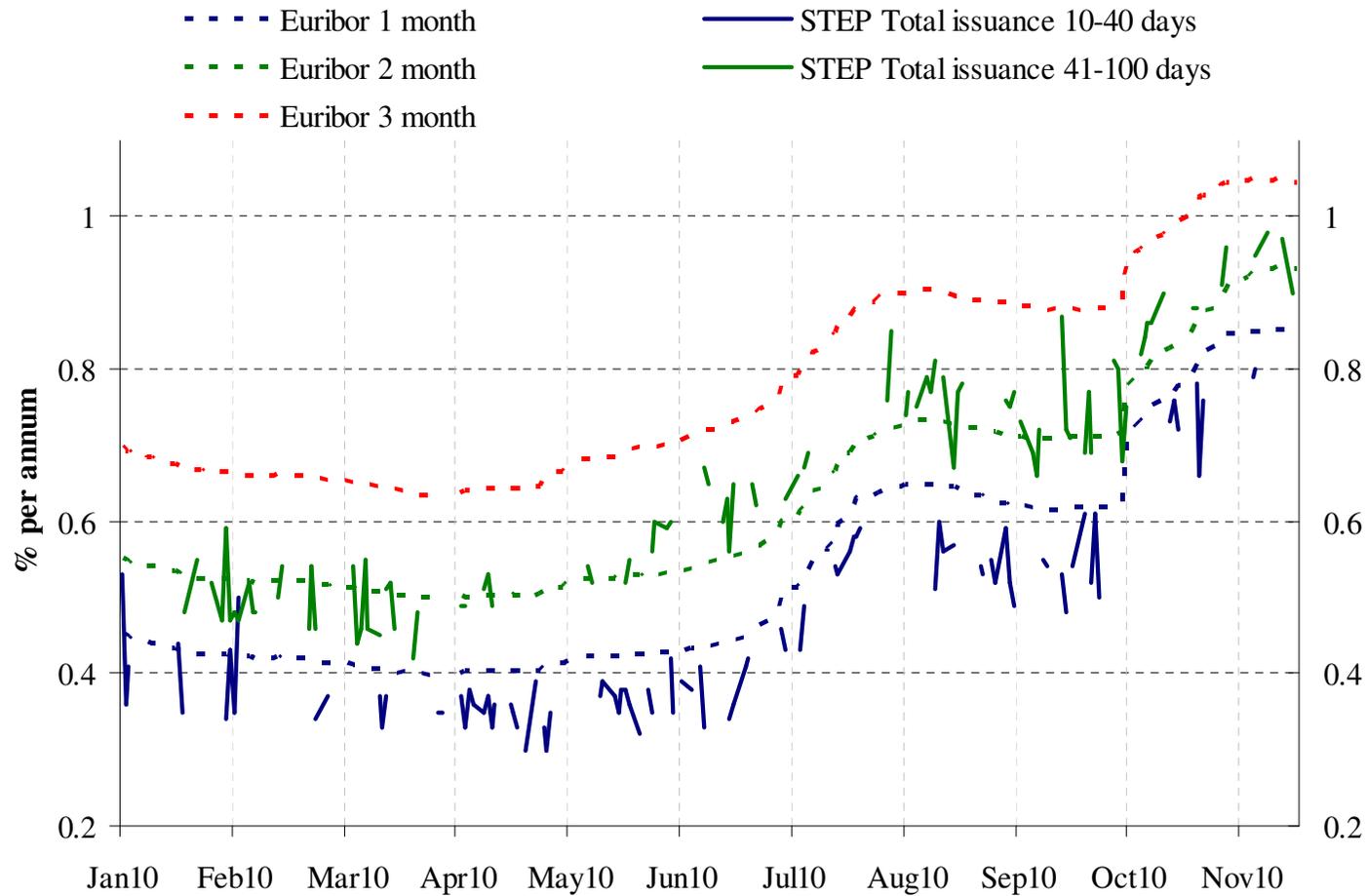
## Outstanding amounts by sector of issuer (%)

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



# Developments of yields

## STEP vs EURIBOR



# Structure

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

## **News:** Data by individual programme and issuance currency released before EBF press briefing

- **What: Outstanding amounts** broken down by individual programme and by individual issuance currency at weekly frequency published every second working day of the week.
- **Why now:** Contribute to successful start of **new regime in STEP Market**.
- **Why weekly:** Short-term compromise solution with Euroclear France and Euroclear Netherlands. **Longer-term solutions for *daily statistics* currently investigated.**
- **For what purpose:** higher visibility for issuer, possibility for investor to check exposure to individual programmes, analysis of foreign currency exposures, etc.
- **Which quality:** Informal quality control by some issuers show **acceptable quality of data**, **further informal tests by issuers possible?**

**ECB now publishes all STEP statistics as agreed by the STEP Market Committee**

# New dedicated page on outstanding amounts by individual programme and issuing currency (1/3)

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

## Short-Term European Paper (STEP)



Yield statistics

Amounts outstanding

Amounts outstanding by programme

Gross issues

Background

Disclaimer

Amounts outstanding of STEP securities by programme and currency from 12 Nov 2010 to 19 Nov 2010  
(denominated in EUR millions irrespective of the accounting currency)<sup>1</sup>

STEP ID	Program name	Program ceiling	Accounting currency	Amount outstanding	
				12 Nov 2010	19 Nov 2010
0001441	AB InBev Multi Issuer Belgian Commercial Paper Programme	1,000		752	787
0001911	ABN AMRO Bank N.V. Euro-Commercial Paper Programme	25,000		107	107
0001532	ABN Amro Bank N.V. French Certificats de Depot	25,000		5,164	5,087
0002032	ACOSS French Billets de Tresorerie	25,000		16,746	17,581
0001864	AEGON N.V. French Billets de Tresorerie	1,000		323	272
0001693	African Development Bank ECP	2,000		73	73
0001970	Agence Centrale des Organismes de Securite Sociale Euro-Commercial Paper Programme	20,000		5,391	5,663
0000183	Alcatel Lucent French Billets de Tresorerie	2,287		0	0

# New dedicated page on outstanding amounts by individual programme and issuing currency (2/3)

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



## Short-Term European Paper (STEP)

Yield statistics

Amounts outstanding

Amounts outstanding by programme

Gross issues

Background

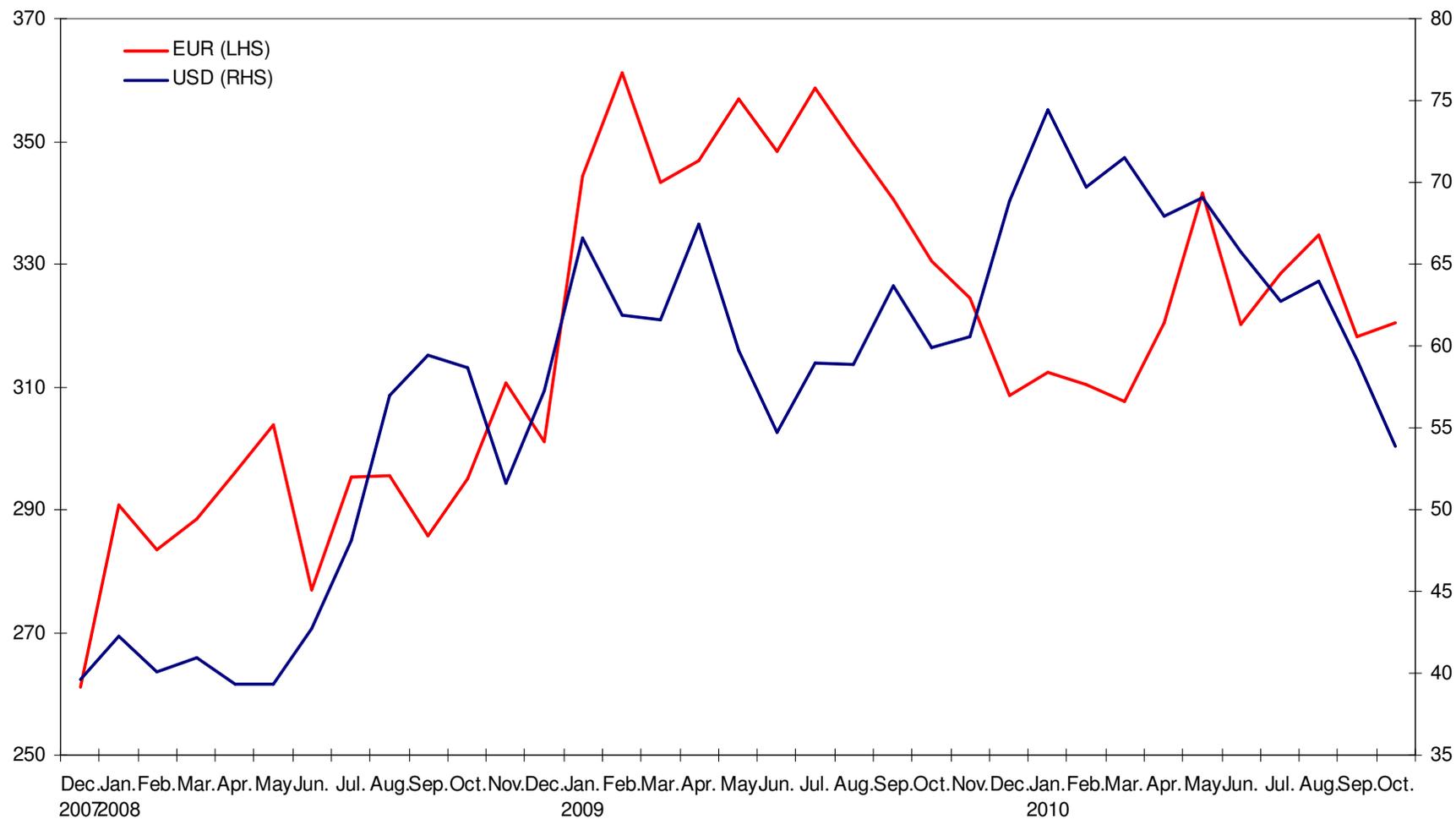
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			USD	2,986	3,229
			JPY	0	0
			DKK	0	0
			GBP	1,191	1,205
			HUF	131	113
			PLN	26	26
			CHF	67	66
			NOK	0	0
			AUD	156	191
			CAD	53	62
	NZD	177	177		
	EUR	604	594		
0000183	Alcatel Lucent French Billets de Tresorerie	2,287		0	0

# New dedicated page on outstanding amounts by individual programme and issuing currency (3/3)

Amounts outstanding broken down by currency (EUR billions)



# Update on STEP statistics

***Thank you!***