

**13<sup>th</sup> STEP MARKET COMMITTEE MEETING**  
**- Brussels, 26 May 2011 -**

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**Minutes**

**OPENING AND WELCOME**

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

Mr C. QUÉMÉNER welcomed the participants, in particular Mr P. BALAZ, Mr J. CURRY and Mr P. SIMÉON as new members of the Committee. The list of participants is attached (enclosure 1).

**1. MINUTES OF THE PREVIOUS MEETING**

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

**2. TRANSITION TO THE NEW MARKET CONVENTION**

Ms G. MARQUES reported on the transition to the new STEP Market Convention, which became effective in February 2011. She explained that the new Convention had been generally well accepted by market participants. The Secretariat was working closely with the new and existing issuers to follow the new templates but it seemed more difficult for existing programmes to move to the new templates, mainly for time and cost reasons.

Furthermore, the Secretariat has been receiving an increasing number of requests to have a template for a supplement. As a result, Market Committee members were presented a template drafted by the Secretariat. They discussed the need to avoid an accumulation of supplements by programmes in the event of updating. It was suggested that it would be simply easier to add a new. Given that the Information Memorandum should be updated every three years, there should not be more than two or three supplements in this three-year period.

The question was also asked whether the wording could be adapted by the issuer as there was different wording according to market practices.

**The Secretariat was requested to provide members with a solution regarding the number of supplements and the wording of the certification of information at the next meeting of the Market Committee.**

### **3. REPORT ON THE STEP CONTRIBUTION STRUCTURE**

Mr C. QUÉMÉNER reported on the STEP contribution structure. He reminded the members that the contribution structure had been introduced following the recommendation of the ECB to achieve self-sufficiency and independency. It had been established in June 2010 with a pro-rata fee of a 1000 EUR for the maintenance of the existing programmes. Since January 2011, the following fee structure had been applied: 5000EUR as an entry fee for new programmes and 2000 EUR for the maintenance of existing programmes. He reported that the contribution structure had been well accepted by market participants and that 98% of the programmes had been paid for. He added that the STEP contributions allowed the Secretariat to be even more active in the management and promotion of the STEP label and to recruit Ms L. KLEVE as an assistant.

Some members felt that the format of the contribution letters was not adapted to banks' accounting departments. Mr C. QUÉMÉNER explained that Euribor-EBF, as a VAT-free non-profit organisation, could not issue invoices as such.

**The Secretariat was requested to suggest a new format for contribution letters.**

### **4. REPORT ON STEP LABELLING**

Ms G. MARQUES reported on the STEP labelling year-to-date. Since January 2011, seven new labels had been granted, and fourteen withdrawn at the request of issuers, mainly following the narrowing of ECB collateral eligibility criteria in January 2011.

Amongst the seven new programmes, there were two Euro Commercial Paper (ECP) programmes, two French CD, one French BT (still pending for approval), one Belgian CP and one German CP. Four out of those seven programmes were issued by monetary financial institutions (MFIs), and three by corporates.

Amongst the fourteen withdrawn labels, there were five ECP, four French CD, two Belgian CP, two German CP and one French CP. A majority of them (nine out of fourteen) were issued by MFIs

Still, the total number of labels amounted 166, which was more than the number of programmes at the same period in 2010 (there were 162 labels in April 2011).

**The Secretariat was requested to circulate the list of the above-mentioned programmes to Market Committee members.**

Mr M. STUBBE highlighted that the enlargement of the ECB eligibility criteria was only a temporary measure which had been discontinued. The restriction of collateral eligibility criteria is a monetary policy measure following recovery from the market. The STEP market is a non-regulated market accepted by the ECB and, as such, the restriction only concerns non-listed credit institutions' debt instruments.

Mr P. SIMÉON and Mr J. CURRY expressed the benefit for investors to count on ECB eligibility. In addition, Mr J. CURRY highlighted the importance of the accessibility of information (e.g. ECB statistics). He explained that it was very difficult to obtain data in money markets and felt that the share of STEP was not big enough.

Mr. P. BALAZ added that there was no clear distinction between MFIs and corporates when the restriction of ECB collateral eligibility was announced. He underlined the importance of informing the market in order to avoid any confusion.

Mr F. HEBEISEN pointed out that the advantages of the STEP label were the limited cost, the transparency of the market and the accessibility to reliable information. He added that, in terms of cost and information, listing was more uncertain than STEP.

The participants concluded that it was very important to communicate on the STEP label, with information adapted to the targeted public.

**The Secretariat was requested to prepare a Statement which could be published via Bloomberg.**

**Separately, it was decided to create a Task Force, for which the main tasks would be to reflect on statistical content and promotion of the STEP label.** This Task Force will report to the Market Committee and will count one representative from the ECB statistics' team.

## 5. REPORT ON STEP STATISTICS

Mr B. FISCHER reported on the developments and prospects of the ECB STEP statistics (see [enclosure 2](#)).

### STEP developments

The analysis of STEP statistics in early 2011 was of particular interest, as the robustness of the market needed to be checked in light of the discontinuation of the extraordinary and temporary measure of the ECB at the end of 2010.

STEP labelled securities issued by sectors other than credit institutions were not affected, as STEP was and remains accepted by the Eurosystem as a non-regulated market for collateral purposes.

Monthly figures on STEP outstanding amounts showed a relatively clear downward trend in the first four months of 2011. At the same time, when taking into account the strong figures for the first three weeks of May, the moderation is not as steep as monthly figures until end-April suggested.

More importantly, in order to normatively assess developments in the STEP market during early 2011, those developments need to be compared relative to adequate benchmarks. As illustrated in previous meetings, STEP labelled securities emerged until end-2010 relatively unscathed from

the financial market turmoil. Unfortunately, the relevant benchmark, i.e. euro denominated securities issued worldwide by sectors other than government, was at the time of the meeting only available up to end-2010. Benchmarks for early 2011 were thus selected as issuance of euro-denominated short-term debt securities by euro area credit institutions and by euro area non-financial corporations. Data for those sectors were available until March at the time of the meeting. The ratio of STEP securities issued by credit institutions as compared to the relevant benchmark declined in January 2011, confirming a potential downward impact of the end of the exceptional measures by the ECB. At the same time, the ratio recovered until March, signaling that the impact might have been, at least in part, temporary. In addition, it is interesting to note that these stylised patterns were very similar for the ratio of STEP securities issued by non-financial corporations to the relevant benchmark, i.e. securities not affected by the end of the temporary measure. It seems worth investigating, whether this might partly stem from some uncertainties in the markets concerning the eligibility of STEP securities issued by non-financial corporations, as claimed by a few market participants.

In order to investigate further a potential negative impact of the end of the temporary measure of the ECB on STEP labelled securities issued by credit institutions, the developments of those securities relative to the overall issuance of STEP securities were assessed until end-April for outstanding amounts as well as for the number of programmes. This analysis included the relevant figures of STEP securities before the introduction of extraordinary measures by the ECB (i.e. September 2008), after the start of the extraordinary measures (January 2009), at the end of those measures in December 2010 and in April 2011. Such a comparison over time reveals that the share of STEP labelled securities issued by credit institutions does not show any sign of a relative weakness at the end of April 2011 as compared to the overall STEP issuance. This result remains unchanged when analysing the number of STEP programmes by issuing sector for the same periods.

#### New developments in STEP statistics

The STEP Market Secretariat was running a number of appreciated initiatives in order to improve the visibility of STEP statistics. In parallel, a number of commercial data providers were improving their coverage of STEP statistics. One example is Haver Analytics that announced in its February 2011 newsletter the inclusion of STEP statistics in its regular dataset. The ECB DG-Statistics supports the use of STEP statistics by commercial data providers and the STEP Market Secretariat as long as the source is mentioned and as long as an appropriate disclaimer is provided. The legal department of the ECB is working on an updated disclaimer for such purposes that will be provided to the STEP Market Secretariat shortly after the STEP Market Committee Meeting [done in the meantime].

Concerning the agreed provision of STEP statistics by the ECB, all remaining gaps have been closed in the past two years. One outstanding inconvenience remains with the current dissemination of weekly instead of daily outstanding amounts per individual programme. Two out of the six Security Settlement Systems (Euroclear France and Euroclear Netherlands) currently do not provide daily figures. Taking into account feedback received from the above-

mentioned security settlement systems, this issue will probably be solved in late summer/early autumn this year. The increase of the visibility of STEP statistics could then get a higher priority. Finally, Björn informed the STEP Market Committee that due to internal mobility, he will move to the monetary policy area of the ECB and will thus be replaced as non-voting Statistics representative of the ECB in the STEP Market Committee. He thanked for the privilege of having had the opportunity to work in a team of very dedicated persons during a challenging period and by having had the chance to contribute to support financial integration in Europe. Mr C. QUEMENER congratulated the ECB statistics' team for its contribution to the STEP market through the ongoing development of STEP statistics.

Mr J. CURRY raised the importance of having statistics on maturity profile, which is an important part of the credit process. It was explained that monthly statistics on maturity profile were published on *Banque de France*'s website and that they were well recognised by the French market.

The members also discussed the availability of information through commercial paper (CP)-ware and the security settlement systems (SSSs). They commented that the SSSs were offering the possibility to issuers to hide some information, even the programme name, for private placement and structured notes reasons.

To conclude, there is a need to find the right balance between investors' need and the information which can be critical to the issuers. It was agreed that the Task Force (created under item 4) will closely analyse which information is needed (with feedback from investors' risk management) and can be delivered.

## **6. ACTIONS TO SUSTAIN/DEVELOP THE STEP MARKET**

Mr C. QUEMENER presented a strategic approach to sustain or even further develop the STEP market share. This strategy will focus on different counterparts:

- (i) Issuers/treasurers: M C. QUEMENER reported on his participation in the General Assembly of the AFTB (French Association of Treasurers) in order to present the STEP label. He added that the same presentation will take place in Italy in the near future.
- (ii) Institutions: The Secretariat will continue to develop a close partnership with the ECB and raise the STEP label to other Institutions.
- (iii) Investors: Mr C. QUEMENER announced his intention to participate in seminars and Association meetings. He added that he was to speak at the next General meeting at EFAMA (European Fund and Asset Managers Association).

- (iv) Stock-Exchanges: The STEP label is part of the Euronext prerequisites. The Secretariat would like to replicate this in other markets. Mr C. QUEMENER asked the members for contacts within Stock Exchanges.

Mr C. BENCI explained that the situation of the Italian domestic market was critical, mainly for specific tax reasons. She added that STEP was very helpful to Italian banks through their branches and that a standard would be a tangible target for Italian issuers.

Separately, the members commented that the future of the CD/CP markets after Basel III would be uncertain. Banks tend to privilege deposits rather than short-term papers. Mr C. QUEMENER explained that the EBF was lobbying against certain measures, specifically about ratios. Mr M. SCHNEIDER explained that there would be a new draft regulation, which should provide a new opportunity for change. **Mr C. QUEMENER suggested that the Secretariat could liaise with the European Fund and Asset Management Association (EFAMA) and advisers from the EBF to report on regulatory issues.**

Members agreed that marketing needed to be done in a proactive manner. The STEP label should be a standard. If the investors differentiate the STEP-labelled from non-STEP labelled programmes, the issuers will follow. The transparency and accessibility to information on STEP programmes are different when compared to that of deposits.

Additionally, he suggested publishing “white papers” with issuers (advertisement of successful STEP-labelled issued programmes), which would be an easy and neutral way to advertise the label. Mr M. SCHNEIDER pointed out that European Pre-Issuance Messaging System (EPIM) in Bloomberg could be another way to advertise the label.

Finally, members highlighted the importance of presenting the STEP label in market events.

## 7. COMMUNICATIONS

### *a. STEP Satisfaction Survey*

Since 2006, the STEP Secretariat had been constantly improving the service provided to market participants. The STEP Secretariat has decided to send a satisfaction survey to market participants in order to have a quantitative and qualitative assessment of the overall service quality level of the Secretariat, the accessibility of information, the labelling procedure and Communication tools (mainly website & newsletter), and the STEP label in general. The goal of this satisfaction survey is to have a better idea of market participants’ perception and, consequently, target areas for further improvement.

Mr C. QUEMENER expressed his intention to extend the satisfaction survey to Committee members. He added that a first draft of the survey would be shared with Market Committee members in September.

***b. New STEP Website***

Ms G. MARQUES made a presentation of the new STEP website, to be launched shortly after the meeting.

She explained that since last year the Secretariat has been developing and enhancing Communication tools through the Euribor-EBF website, the newsletter, and finally, the STEP website.

Ms G. MARQUES detailed the three main features of the new website:

- (i) The new graphic chart and logo in order to give an identity, a brand to STEP;
- (ii) The accessibility of information, with a structured and dynamic content; and
- (iii) The quality of information, through the publication of ECB STEP statistics, thanks to the collaboration of the ECB.

She added that the Secretariat would be closely monitoring the traffic on the website thanks to the Google Analytics' statistical tool.

***c. Euribor-EBF newsletter***

Ms G. MARQUES informed the members of the publication of the June Euribor-EBF newsletter. As in the previous edition, a large number of articles would be dedicated to STEP. She thanked Mr F. HEBEISEN, Ms M-S. BRUNET JAILLY and the ECB for their valuable contribution to the STEP articles. She also highlighted the article on regulation provided by EFAMA.

**8. DATE AND PLACE OF NEXT MEETING**

The next meeting will be held in Brussels on 16 November 2011.

Mr C. QUEMENER thanked the participants for the highly productive Committee meeting.

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Enclosures: 1-D0926A-2011 (participants' list)  
2-D1245A-2011 (presentation item 5 – ECB STEP Statistics)

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D0926A-2011

**13<sup>th</sup> STEP MARKET COMMITTEE MEETING**  
**- Brussels, 26 May 2011 -**

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**List of participants**

**Members:**

Mr	Peter BALAZ	European Investment Bank
Ms	Claudia BENCI	Banca Monte dei Paschi
Mr	Philippe BILLOT	Pictet Gestion
Mr	Jonathan CURRY	HSBC Global Asset Management
Mr	Franck HEBEISEN	Société Générale
Mr	Michael SCHNEIDER	DZ Bank
Mr	Koen SCHÖNINGH	Volkswagen Group ( <i>via conf call</i> )
Mr	Patrick SIMEON	Amundi
Mr	Colin WITHERS	ING Bank NV ( <i>via conf call</i> )

**Non-voting Members:**

Mr	Björn FISCHER	European Central Bank ( <i>via conf call</i> )
Mr	Michel STUBBE	European Central Bank

**Observers:**

Ms	Marie-Sybille BRUNET-JAILLY	Banque de France
Mr	Alain PREDOUR	Banque de France

**STEP Secretariat:**

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

**Apologies:**

Mr	Guido RAVOET	European Banking Federation
Mr	Marnix BRUNING	ING Bank
Mr	Francisco GALIANA	BSCH



# **STEP statistics**

## **Developments and prospects**

**Björn Fischer**

ECB, Division Monetary and Financial Statistics

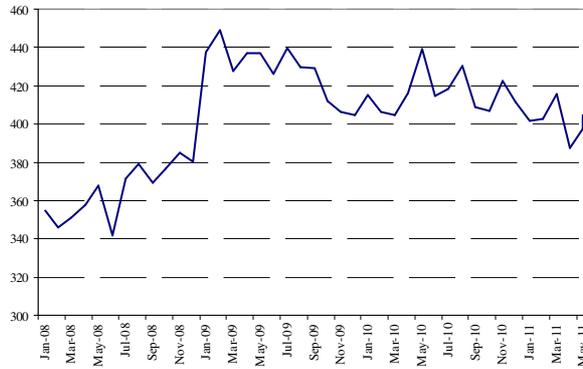
13<sup>th</sup> Meeting of the STEP Market Committee  
Brussels, 26 May 2011

### **Structure**

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

## STEP outstanding amounts in April 2011 at lowest level since December 2008

**STEP Outstanding amounts in € billion**



Source: ECB, monthly figures, weekly for the first 3 weeks of May

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## ... but need to be compared with other benchmarks

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

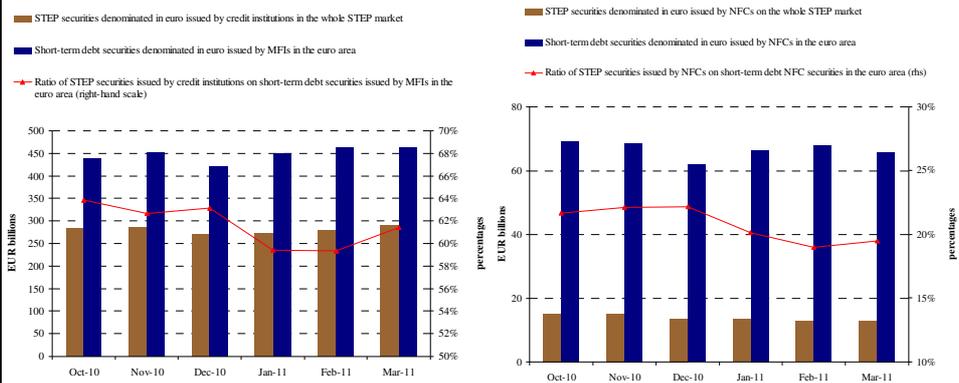


Source: ECB

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# Impact of ECB's withdrawal of certain non-standard policy measures on STEP securities in early 2011 (I)?

## Outstanding amounts in € billion

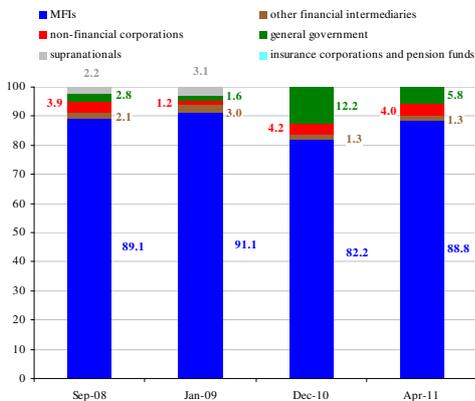


Source: ECB

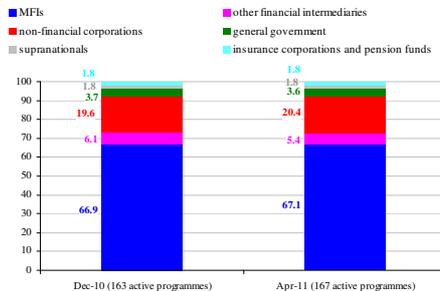
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# Impact of ECB's withdrawal of certain non-standard policy measures on STEP securities in early 2011 (II)?

## Outstanding amounts by sector (%)



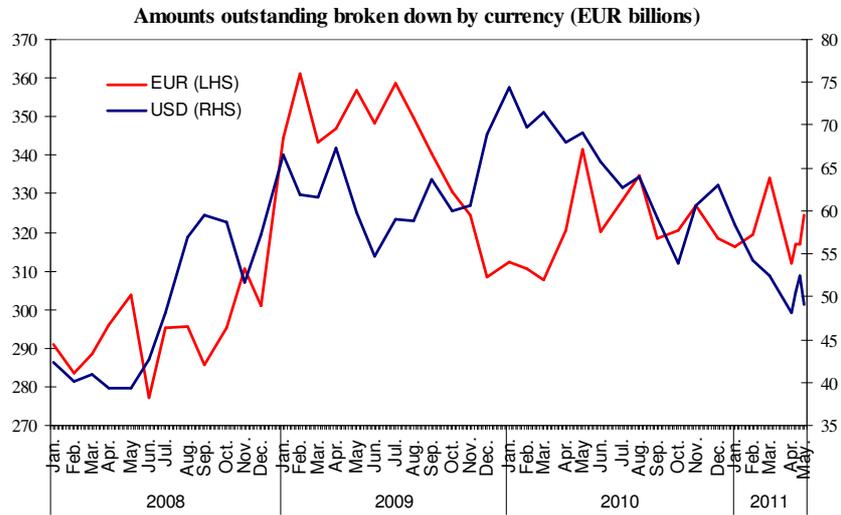
## Number of STEP programmes by sector (%)



Source: ECB

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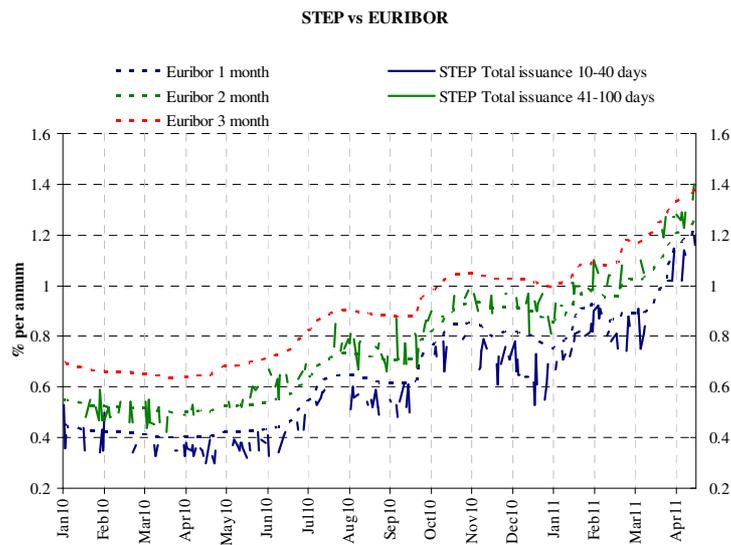
## Decline in the issuance of STEP securities denominated in USD



Source: ECB, monthly figures, weekly for the first 3 weeks of May

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## Developments of yields



Source: ECB

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## Structure

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

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## News I: Increased attention to STEP statistics

### HAVER ANALYTICS NEWS

#### EUROPEAN DATABASE NEWS

Over 300 daily series covering **Short Term European Paper** (STEP) have been added to INTDAILY from the ECB. These series cover yields on new issues, amount outstanding and gross issuance of zero coupon instruments broken down by the sector of the issuer, the original time to maturity and the rating category. Values begin as early as April 2007. These data are also available weekly in INTWKLY and monthly in EUDATA.

#### U.S. DATABASE NEWS

**International trade detail by industry and country** has been added to USINT. Monthly data are reported for over 200 countries for the 10 major Standard International Trade Classification (SITC) groupings and all 3-digit NAICS industries. The Census Bureau provides values beginning in 1996 by SITC and 2000 by NAICS.

The Conference Board announced a change in the design of the survey used to produce its Consumer

- Source: HAVER Analytics Newsletter, February 2011

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## **News II: Remaining reporting problems of 2 Security Settlement Systems to be solved in late summer**

- *Within the past 2 years, ECB closed all gaps concerning the publication of STEP statistics as agreed by the STEP Market Committee.*
- *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).*
- *This issue will be solved in late-summer/early autumn, daily test transmissions from relevant SSSs to ECB have already started.*
- *Concentration on more effective visibility and use of STEP statistics*

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## **Update on STEP statistics**

***Thank you!***

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