

9TH MEETING OF THE STEP MARKET COMMITTEE
- Brussels, 15 July 2009, 10:00-13:00h -

Minutes

1. Opening and welcome

The Chairman, Mr G. Ravoet, welcomed the participants and thanked the members for the high level of participation in this meeting. He recalled that the main issue on the agenda was the review of the STEP Convention and that, consequently, standing items such as reports on labels and statistics may not be discussed.

2. Approval of the minutes of the 8th meeting

The Chairman asked the members for more comments while explaining why there was a huge gap between the last meeting and the present one. The amended minutes were approved by the members without any further comments.

3. Matters arising from the previous meeting

The review of the current STEP Market Convention was discussed and the role of the task force was explained to the members in details (how many meetings, what was the role and the objective – to review in details and update the convention according to the new market requirements). Extending the sponsorship to other associations was also discussed and there was a general agreement to do so. The STEP Market Secretariat was tasked to contact other associations such as ICMA, EACT, etc. The Chairman asked the members for their opinion on the subject and for their suggestions. Members expressed their content with the proposition, Mr P. Billot explained that these associations were not interested at the time of the beginning in 2006 and Mr F. Hebeisen added that now they might be, since things have changed recently.

4. Independent legal review of the STEP market convention – determining scope and details of the review

Mr G. Ravoet proposed to split the independent legal review of the Convention in two: first the review of the updated convention and then when Mr M. Stubbe arrives at the meeting the legal review. Mr E. Gospodinov explained to the members the main changes to the convention (list of changes presented to the members). Mr F. Hebeisen suggested that adding a hyperlink to the Convention on the website, asking whether the user is an US citizen to access it, could be a
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potential problem. The supplements to the information memorandum and some other minor changes should be specified (as issuers work on Prospectus Directive when preparing their information memorandums).

It was also agreed that signatures should be optional. Mr F.Hebeisen explained that STEP application and the declaration of adherence are strong commitment by the issuer, so further certification of information should be optional. It should be stated that the IM has not been certified, though.

About the legal review of the Convention, Mr G. Ravoet explained the choice of the STEP Market Secretariat to use the law firm of Allen&Overy and gave the floor to Mr R. Priester who explained how the STEP Secretariat perceives the legal review: It will be submitted to Allen&Overy to check the contractual overview under the Belgian law. It was, however, still unclear whether the review should go into the law of other member states (i.e. going into the direction of a Master Agreement). The first option was foreseen in the STEP budget, but the second, much broader, option would bring additional burden in a way of much higher financial costs. Mr R. Priester asked the members on their opinion and Mr M. Stubbe noted that the European Central Bank's idea was not necessarily to go into the direction of a master agreement, merely to check the legal soundness of the convention and how it implicates the information already imbedded in the relevant national frameworks, and the Convention's requirements are linked to the national requirements. It will have to be checked under French law, perhaps, because a check under Belgian law might not be enough, as it should be against the background of the national legislations that each programme deals with.

It was further agreed that 1) the Convention should be checked compared to national legislations which it uses (for legal soundness, the most important); 2) national legislations should be advised on STEP requirements that could be helpful, what can be improved there; and 3) a legal assessment of the effects of the convention and the documentation taking into account the recent Community law developments which may have an impact on the STEP environment.

Mr M. Schneider expressed his agreement to the first point but mentioned that the other two points were not completely clear on what their purpose were. Ms Claudia Benci also agreed to the first point, but she mentioned the second point should be abolished. Mr F. Hebeisen explained that when an issuer applies for STEP label the conventions cover the consistencies with what is provided by the issuer and what is actually needed by the market. Mr M. Schneider questioned who should do this comprehensive (and extensive) review, perhaps the EU Commission should look into it but he noted that it should not be the role of this committee as it would be too complicated.

Mr F. Hebeisen noted that the legal review is not an issue to the STEP label, currently. If a programme can be set up, in theory it could get the STEP label as well. Olivier mentioned that as an issuer it will be easier to have a convention that can help the issuer to tap different markets. Mr M. Stubbe noted that there is still uncertainty around the convention, for example new programmes with new markets law introduced, and Mr F. Hebeisen requested more clarification on how deep the review should go. The Chairman added that the more urgent issue is to check the soundness of the convention according to the current major markets participating in STEP. He also mentioned that the Euribor-EBF can in future approach the European Commission (EC) and ask them if they can be convinced to make a gap analysis and take any actions should there be any gaps. Members agreed not to limit the review to Belgian law and

check on markets where the STEP issues are currently located. Mr M. Stubbe said that he can check within the European Central Bank (ECB) whether the EC can be approached jointly by the ECB and the Euribor-EBF. He also said that what the Chairman suggested sounded like a reasonable way forward. Mr Ravoet mentioned that with the scope of the review determined, whenever a new market appears with a programme the law firm should be consulted again for that market.

5. Management of the STEP labeling as from mid-2008, business plan

The Chairman presented the members with the draft business plan and asked Mr E. Gospodinov to explain the details and the future role and type of the legal entity. Mr R. Priester added to the growth prospects and the budget requirements and administration of the labeling process. He explained the pre-screening process and the role of the staff involved in the labeling process (adviser, coordinator, IT specialist for the website maintenance, etc.). Taking that all into account, a budget has been put in place in order to ensure sufficient income to support the future activities and to prove that there is a capacity for self-sufficiency.

The business plan as presented contained projections and was up for discussion within the market committee. Mr M. Stubbe asked whether a legal fee for the review of the convention would be envisaged in the draft budget, which apparently will have to be incorporated. The members suggested increasing also the annual maintenance fee and being more flexible on the initial application fee. The plan will be reviewed in order to accommodate all suggestions about the administration costs and applications fees. Mr M. Stubbe suggested that it should be clearer on how the four-eyes principle would be implemented in the processing of documentation (currently being accommodated with the help of the National central banks (NCB)).

6. Report from STEP Secretariat on the labeling process

Mr E. Gospodinov gave feedback on the report. There was no comments from the members on it, except for a request from Mr C. Withers to include in future a breakdown in programme types (ECP/CD/CP). Mr F. Hebeisen explained that there was a lot of activity in the French market, also commented on the ECB's eligibility of the STEP labeled programmes. He noted that labeled programmes should be with an issuer within the European Union (EU), to which Mr C. Withers added that for the UK the only exception to be accepted as an ECB eligible programme should be if the issuer has a state guarantee. Nevertheless, it was mentioned that STEP label's ECB eligibility is still provisional until 2010. A link to the press release of the ECB should be made available to the STEP website (November 2008 version).

7. Report from ECB on statistics

Mr B. Fischer made an interactive presentation on the STEP statistics (the presentation printout has been distributed to the members in the supporting documents)

8. Any Other Business

Mr E. Gospodinov presented the members with the application of Euroclear Netherlands for an eligible SSS, which was approved by the committee. Mr G. Ravoet announced the departure of Mr E. Gospodinov and everyone thanked him for his work and support on the STEP project.

9. Date and place of next meeting

It was agreed that the next meeting of the STEP Market Committee will take place on 15 December 2009 in Brussels (EBF premises).

9TH MEETING OF THE STEP MARKET COMMITTEE

List of participants

Members:

Mr	Guido RAVOET (Chair)	European Banking Federation
Ms	Claudia BENCI	Banca Monte dei Paschi
Mr	Franck HEBEISEN	Société Générale
Mr	Michael SCHNEIDER	DZ Bank
Mr	Colin WITHERS	Standard Bank
Mr	Philippe BILLOT	Pictet Gestion
Mr	Francesco GALIANA	Banco Santander Central Hispano
Mr	Marnix BRUNING	ING Bank

Non-voting Members:

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

STEP Secretariat:

Ms	Emil GOSPODINOV	European Banking Federation
Mr	Robert PRIESTER	European Banking Federation

Observers:

Mr	Olivier BRISSAUD	Volkswagen Group
Mr	Jimmy STEENHOUT	National Bank of Belgium
Ms	Marie-Sybille BRUNET-JAILLY	Banque de France
Mr	Raymond VAN DEN COURT	ING Bank

Apologies:

Mr	Timothy O'CONNEL	European Investment Bank
Mr	Koenraad SCHÖNINGH	Volkswagen Group