

**8<sup>TH</sup> EXTRAORDINARY MEETING OF THE STEP MARKET COMMITTEE**  
- Brussels, 10 July 2008, 10:00-13:00h -

***Minutes***

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**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 would not be discussed.

The list of participants is attached (enclosure 1).

**2. Approval of the minutes of the 7<sup>th</sup> meeting**

At the request of the ECB, items 5 and 6 of the minutes of the previous meeting were amended.

The amended minutes were approved by the members without any further comments.

**3. Matters arising from the previous meeting**

*a. Management of the STEP labeling as from mid-2008*

Mr G. RAVOET informed participants that, since the previous meeting, the Secretariat had received a letter from the ECB (a copy of which was circulated to members *via* e-mail – enclosure 2) confirming that they decided to prolong the technical assistance of the ESCB for the labelling process for an additional two years (until end of June 2010).

While confirming their view that the STEP initiative had shown its benefits in enhancing market transparency and fostering convergence of market standards, the ECB highlighted the need to ensure the legal effectiveness of the STEP label and further develop the STEP label so as to foster the financial integration of the short-term paper market by offering incentives to existing markets, including ECP, to open towards STEP.

Consequently, the extension of the ECB's support was subject to two conditions to be fulfilled by the end of 2008: (1) the review of the Convention by an independent International Law Firm and (2) the elaboration of a business plan ensuring

implementation of the STEP labelling process by the EBF without the ESCB support by June 2010.

Mr H. Neuhaus provided a tentative explanation of the ECB's intention as regards the ECB's expectations from the law firm's mandate to the STEP Secretariat which would be detailed in a forthcoming letter from the ECB.

Mr F. HEBEISEN underlined the importance of providing the law firm with a clear and restricted mandate.

Members decided to wait for the concrete request from the ECB in order to define a clear mandate. Two law firms were suggested with a view to conducting the legal review: Clifford Chance and Allen&Overy.

On the elaboration of a business plan, Mr G. RAVOET suggested that the Secretariat would come up with a proposal at the next meeting, adding that it would probably be based on a fee-based service. Members generally felt that there should not be too much reaction to a fee-based label.

*b. Involvement of other Associations in the STEP Project*

Members discussed the possibility of involving other Associations in the STEP project. Some Associations were mentioned as potential partners, *i.e.* Securities Industry and Financial Markets Association (SIFMA), International Capital Market Association (ICMA), European Fund and Asset Management Association (EFAMA) and European Associations of Corporate Treasurers (EACT).

Mr K.SCHÖNINGH informed the participants that this issue was to be on the agenda of the next EACT meeting in August and added that they would need to know exactly to what extent they would be involved before taking any decision.

Mr F. HEBEISEN suggested that, at the initial stage, these new Associations could participate as observers in Market Committee meetings.

Mr G. RAVOET raised the idea of having a Strategic Council/Advisory Board which would meet once a year and which would not be able to vote. Mr M. SCHNEIDER also suggested organising an event with all STEP issuers, *e.g.* a STEP Forum.

**4. Review of the STEP Market Convention**

Mr G. RAVOET summarised the main changes agreed on by the Task Force at its last meeting on 17 June.

1. The disclosure information published on the website, newly named "STEP information package", would include:

- a. the Information Memorandum describing the programme and the Issuer(s) (and eventually guarantor(s)).
- b. electronic copies of, or active hyperlinks to the last 2 annual reports validated by the Annual General Meeting or equivalent documents;
- c. the auditor's opinion on the annual accounts of the issuer;
- d. rating letters on the programme (if any);
- e. the copy of the full text of guarantee (if any);
- f. any other additional document (guarantee, legal opinion, presentation, press releases, ...).

It was decided to add that the STEP Secretariat might, at its sole discretion, request original copies (or certified copies) of all documents.

2. Supplements to the Information Memorandum would be accepted for minor exceptional updates.
3. The signature of the Information Memorandum would be optional. Members agreed to add the following sentence: *"For the purpose of the STEP label, signature is nevertheless highly recommended"*.
4. The form of application and declaration of adherence was merged into one single document and includes a section certifying the information provided in the STEP Documentation. This declaration will not be public and will be kept by the STEP Secretariat.
5. The minimum issuance amount should not be less than EUR 100,000 or equivalent in other currencies (previously EUR 150,000).
6. A number of sections of the Information Memorandum had been made optional in order to suit the ECP market more appropriately.
7. A sub-category comprising special purpose securitization vehicles which issue ABCPs (Asset Backed Commercial Papers) was added to the types of issuers. A definition of ABCPs was to be provided in a separate glossary available on the STEP website along with all the terms of the Convention. Mr H. NEUHAUS suggested complementing this glossary with specific statistical terms. The Secretariat was requested to send an electronic copy of the glossary to the members for comments.
8. The eligibility for the STEP label was 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).

At the meeting, members agreed that regular updates of the Information Memorandum would take place within 3 years + 90 days (grace period for updates) of the date of the last Information Memorandum (art. 2.3.1), and that updates of the rating letters would take place immediately after such changes had been notified to the issuer by the relevant rating agency. (art. 2.3.2).

Furthermore, it was agreed that the ECB would fine-tune section 1.10.1 on the internal use of data by the ECB for non-statistical purposes. Additionally, the use of data by the ECB would be explained on the website.

Market Committee members also decided to amend the STEP Code of Conduct (Annex 1 to the STEP Convention) as follows:

- Art. 1.1.: the STEP Market Committee shall consist of 12 voting members (instead of 10 originally). If a member does not attend more than 3 consecutive meetings, he shall be replaced.
- Art. 1.3: the 1<sup>st</sup> sentence will be replaced by the following wording: *“The composition of the STEP Market Committee shall ensure a fair representation of the major markets”*.
- Art. 1.7: the Convention shall be approved by at least seven votes. Members shall have the possibility to give a proxy to another member.

The 6 members present at the meeting formally approved the Convention, subject to the above-mentioned changes. The Secretariat was requested to send the final version to the Market Committee and to ask members who were not present at the meeting to send their approval, as changes to the Code of Conduct required 7 votes.

Mr G. RAVOET thanked the members for the work performed on the Convention, and expressed his hope that with the new Convention, the STEP initiative would be more attractive to the ECP market.

It was decided that after the review of the Convention by an independent law firm, and its approval by the respective General Assemblies of Euribor-FBE and Euribor-ACI, as well as the ECB on the parts that commit them, the STEP Secretariat would inform all issuers of the amended Convention, and request them to make the necessary adjustments for the next update.

## **5. Any Other Business**

Mr G. RAVOET reminded members that their mandate would come to an end on 30 September 2008 and informed them that the Secretariat would take the necessary steps to proceed with the (re-)election of the Market Committee.

## **6. Date and place of next meeting**



It was decided that the next meetings of the STEP Market Committee would take place on 12 December in Brussels (EBF).

Enclosures:  
D1394A

D1394A-GM/EG  
07.08.2008

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## List of participants

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### **Members:**

Mr	Guido RAVOET	EBF Secretary General (Chairman)
Ms	Claudia BENCI	Banca Monte dei Paschi
Mr	Franck HEBEISEN	Société Générale
Mr	Michael SCHNEIDER	DZ Bank
Mr	Koenraad SCHÖNINGH	Volkswagen Group
Mr	Colin WITHERS	Citibank London
Mr	Holger NEUHAUS	ECB (non-voting member)

### **Observers:**

Mr	Dirk JANSSENS	National Bank of Belgium
Ms	Eliane KLEIN	Banque de France

### **Secretariat:**

Ms	Gaëlle MARQUES	EBF, Step Market Secretariat
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### **Apologies:**

Mr	Emil Gospodinov	EBF, Step Market Secretariat
Mr	Timothy O'CONNEL	European Investment Bank
Mr	Pepijn SIGTERMANS	ING Bank
Mr	Philippe Billot	Pictet Gestion