

A CONTINUED SUCCESS STORY FOR 15 YEARS

The STEP label has been a continued success for 15 years, with over 200 STEP-labelled programmes to date. The total amounts outstanding of STEP debt securities have rapidly increased during the two years following inception and have sustainably maintained at a level close to €400 billion since then.

June 2021 marks the 15th anniversary of the STEP initiative promoted by the European Money Markets Institute and ACI | The Financial Markets Association to foster the integration and development of the European markets for short-term paper (< 1 year). STEP establishes common practices and standards for the documentation of short-term paper programmes in Europe. With standardisation and transparency as a backbone, the STEP initiative enhances market depth and liquidity.

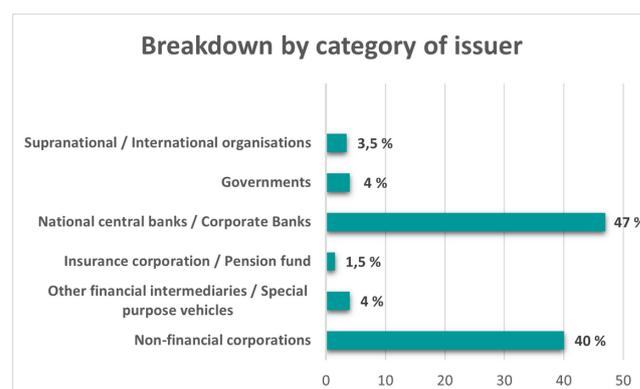
The STEP initiative was sparked within the European Central Bank's Money Market Contact Group. At the early stages, it benefited from the active support of the European System of Central Banks (ESCB) and the European Central Bank (ECB). The latter has been a catalyst for the creation of the label and has furthermore provided technical assistance to the STEP Secretariat during the first few years following inception. Since the very beginning, the ECB also produces and publishes statistics on the STEP market, on volumes and yields specifically.

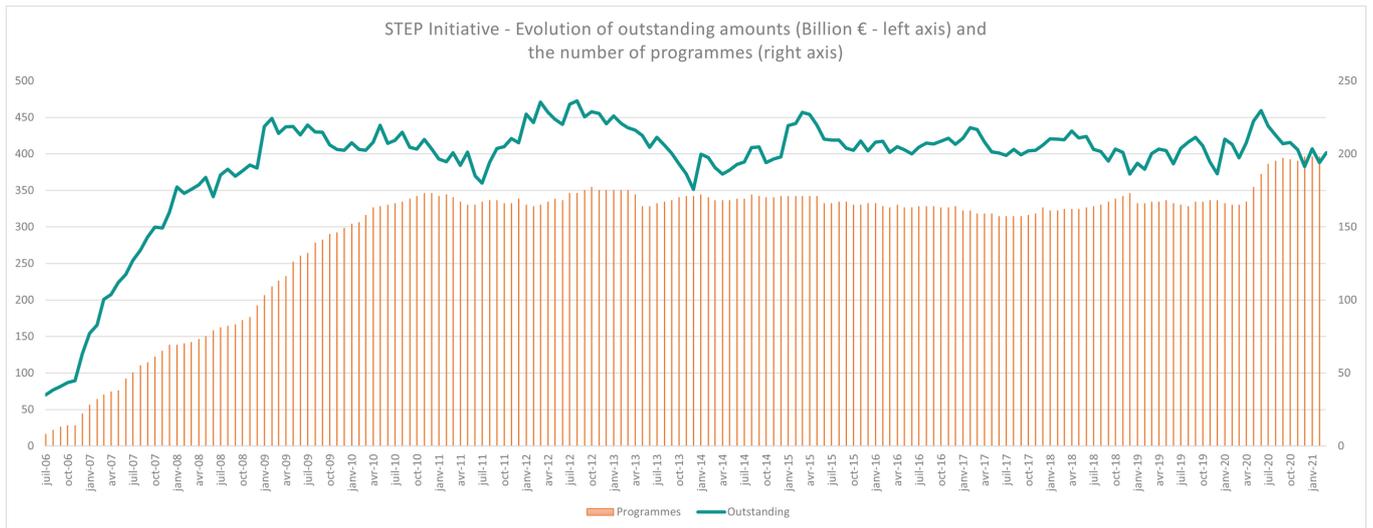
This jubilee is the perfect occasion to (re)discover the main features of the STEP label and some of its most significant assets, also from the mouth of market participants.

A WIN-WIN DEAL FOR ISSUERS...

STEP transparency contributes to market depth and market liquidity, which broadens the issuers' potential base of investors and sources of funding. Furthermore, STEP gives a voice and visibility to issuers; choosing the STEP label clearly indicates their active support of the harmonisation and integration of the short-term paper markets in Europe, a concept strongly supported by the European Central Bank.

A STEP-labelled programme is also a strong commitment to promote transparency, with the disclosure of all mandatory documentation in a standardised fashion, and the consent to the use of specific data related to the programme activity for the production of statistics.





... AND FOR INVESTORS

STEP offers investors free access to up-to-date information on the issuers, as well as on the features and the activity of their short-term paper programmes. These are listed in the online STEP Market Directory, with public access to information such as the Information Memorandum, the last approved annual reports, and direct links to credit rating agencies. Issuers are required to update the Information Memorandum of their programme(s) at least every three years, and all mandatory documentation on an annual basis.

The STEP statistics produced by the ECB and made available on their website relate to the activity of the aggregated STEP-labelled programmes: yield, amounts outstanding by programme, gross volumes of new issues per sector, etc. These readily available statistics on yields and volumes allow dealers and investors to make timely and well-informed investment decisions.

THE STEP LABEL IS A STRONG COMMITMENT TO PROMOTE INTEGRATION AND TRANSPARENCY

TRANSPARENCY AND STANDARDISATION OF THE SHORT-TERM PAPER PROGRAMMES AND THEIR DOCUMENTATION:

- Contribute to market depth and liquidity
- Facilitate comparisons between issuers and paper
- Broaden the investors' base and sources of funding
- Reduce the cost of research and arranging programmes

THE MARKET'S VOICE

“The European Central Bank welcomes market initiatives to promote market harmonisation, transparency and liquidity, and has therefore supported Short-Term European Paper (STEP) since its inception in 2006. The ECB publishes daily statistics on primary market volumes and yields of short-term debt securities issued

within programmes that have received the STEP label from the STEP Market Committee. Short-term debt instruments fulfil an important role in the money market. STEP-labelled debt securities have been a success since their inception. They have been particularly appreciated in times of crisis, such as the financial crisis, and during the pandemic, being eligible under the pandemic emergency purchase programme.

— *Imène Rahmouni-Rousseau*
Director General of Market Operations
& Silke Stapel-Weber
Director General of Statistics
European Central Bank

STEP offers free access to standardised information on issuers and papers. This facilitates comparisons, reduces the cost of research and arranging programmes. STEP also offers a neutral and independent source of information, unaffected by any conflict of interests.

“As a major investor in the Commercial Paper Market, we particularly appreciate the transparency provided by STEP through an easy and reliable access. We consider the STEP initiative to be of the utmost importance for the integration of the European short-term paper markets, as well as for the improvement of liquidity and market depth.

— *Cécile Mouton*
Head of Liquidity Solutions
Amundi

STEP gives a voice and visibility to issuers. STEP means supporting the harmonisation and integration of the short-term paper markets in Europe.

“The STEP label focus on transparency and harmonisation are fully aligned with CP Funding 1 PLC. Signalling to the market that from inception CP Funding 1 PLC adapted the main principals is a strong message and shows the long-term commitment of the programme. It provided CP Funding 1 PLC

instant acceptance by all market participants and sets the framework for the future. The process [for obtaining the STEP label] has been very straight forward. The whole team was very helpful and accompanied us very competently through the whole process.

— *Chris Kruecken*
Global Head of Business Development
Bedford Row Capital PLC

“The STEP label has become a best practice for Euro CP issuers and that was the main motivation behind IDB Invest's decision for a STEP-compliant Sustainable CP Program. The clear requirements and straightforward process made it easy for us to get the label without impacting the original timeline for establishing the program.

— *Eusebio Garre*
Head of Funding
IDB Invest

“The Republic of Cyprus applied for its ECP Programme [STEP] to enable eligibility of the latter in the Eurosystem monetary policy operations. The process was straightforward with clear guides available on the website and completed entirely online. The application was processed swiftly and notification for acceptance was received within very few working days. Overall, a quick and easy to follow process.

— *Stelios Leonidou*
Economic Officer
Cyprus Ministry of Finance
Republic of Cyprus

“The STEP label has been a beneficial endeavour for Intesa Sanpaolo Bank Ireland as a European short-term Paper Issuer, for a number of reasons. Firstly, it helped broaden the customer base, making it easier for new Investors to subscribe to a homogenised set of market standards and practices. In addition, the eligibility for ECB market operations proved to be an incentive for Investors. Furthermore, by establishing a European

standard, the STEP label provided visibility to Intesa Sanpaolo Bank Ireland's paper. Finally, the production of reports both by the ECB and STEP, made the market more transparent, attracting additional Investor interest.

— *Ceannt Cliodhna*
Head of Treasury
Intesa Sanpaolo Bank Ireland Plc

“The STEP Market is extremely efficient and is highly regarded by European investors. It has hugely contributed to the standardisation of documentation for the commercial paper and cambiali finanziarie market, and due to its minimal requirements and light reporting obligations it is often favoured by our clients.

— *Alessandra Pala*
Counsel of the International Capital
Markets Department
Allen & Overy Italy

CONTACT

For further information about STEP, or if you have any question, please do not hesitate to contact us by email:

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www.stepmarket.org

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