

# **STEP**

## **Short Term European Paper**

**Franck Hebeisen, Société Générale**

ECB Money Market Contact Group

Frankfurt, 20th September 2006,

# STEP by STEP

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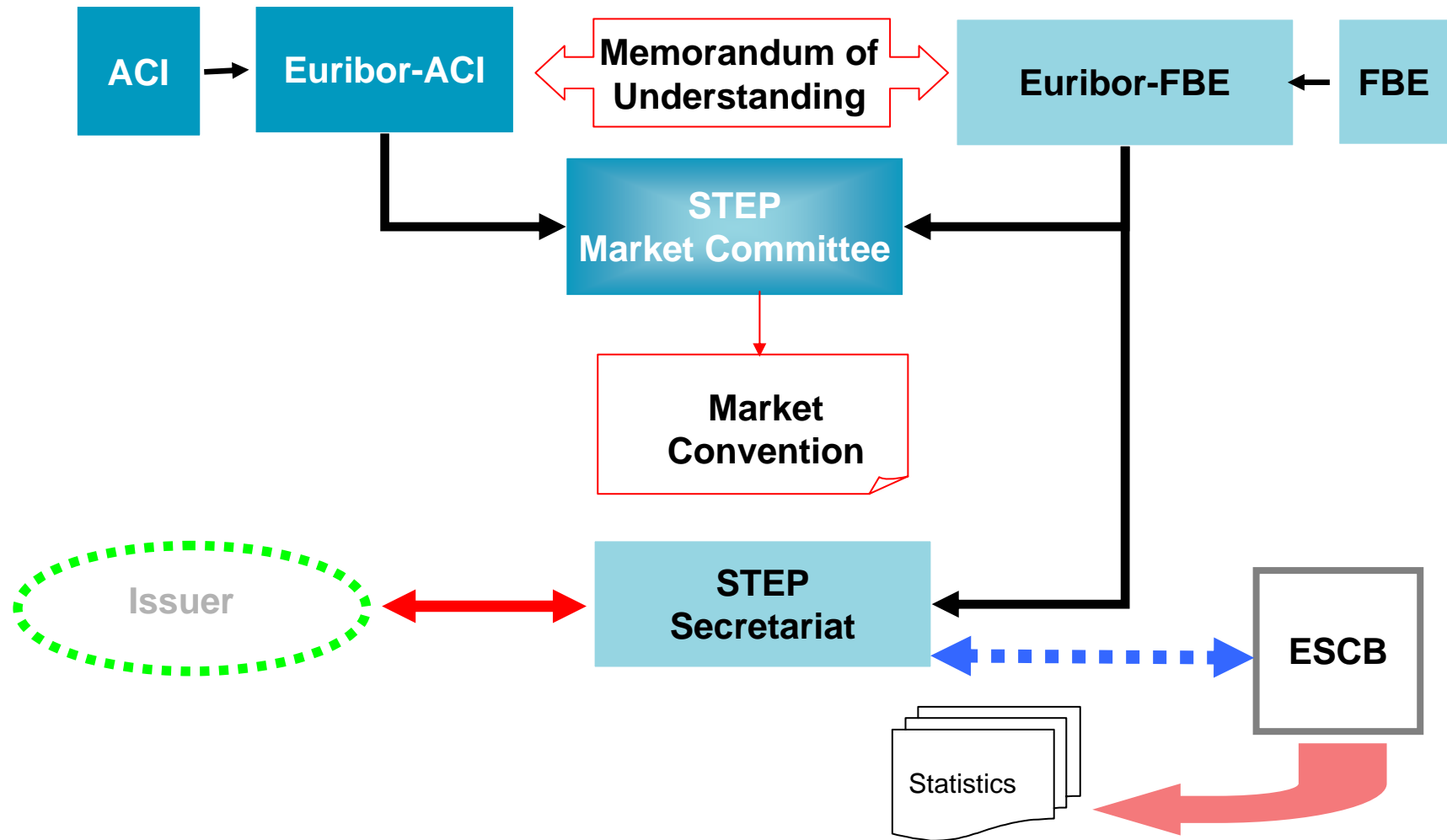
- History & goal of the STEP initiative
- STEP Institutional framework & STEP Market Convention
- STEP labelling Cycle
- STEP statistics
- Benefits of STEP
- FBE & ACI standpoint
- STEP labelled programmes

## History & goal of the STEP initiative

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- **Promoting** the development of the short term paper market in Europe
- Achieving European integration through **convergence** of existing markets
- Market defined **standard features** and **best practices** Euribor ACI, EACT, ICMA, investors,.....
- A **tool** to foster convergence towards the STEP label
- Institutional **sponsors** : ECB/ESCB and FBE

# STEP Governance scheme



# STEP Market Convention

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- Introduction & 2 chapters
- Code of conduct
- Inv of ESCB
- Application form
- STEP standard Information Memorandum
- Declaration of adherence of the Issuer to the market Convention
- Statistical requirements for eligible data providers
- Selection of STEP - compliant securities settlement systems

## STEP Market Committee

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A group representing 10 market professionals appointed by the FBE (5 with 1 casting vote) and ACI (5) **on a personal status** representing the issuers, dealers and investors community, **chaired by the FBE General Secretary**

- Finalise and update details of the STEP market convention
- Implement the STEP market convention
- Amend provisions of the STEP market convention from time to time
- Revise features of the standard information memoranda from time to time
- Liaise with market supervisors and supranational bodies
- Liaise with market professionals and trade associations
- Set parameters for compliance of securities settlement systems
- Be ultimately responsible for STEP publications and label attribution/withdrawals

# STEP Market Committee

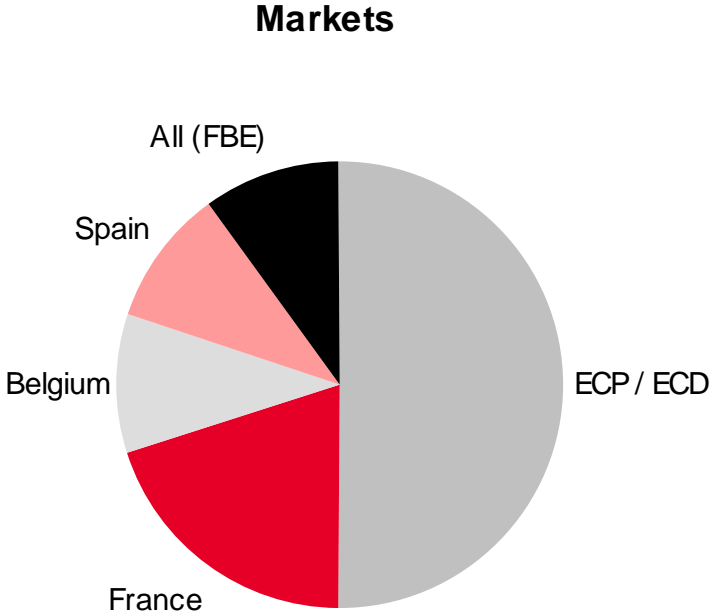
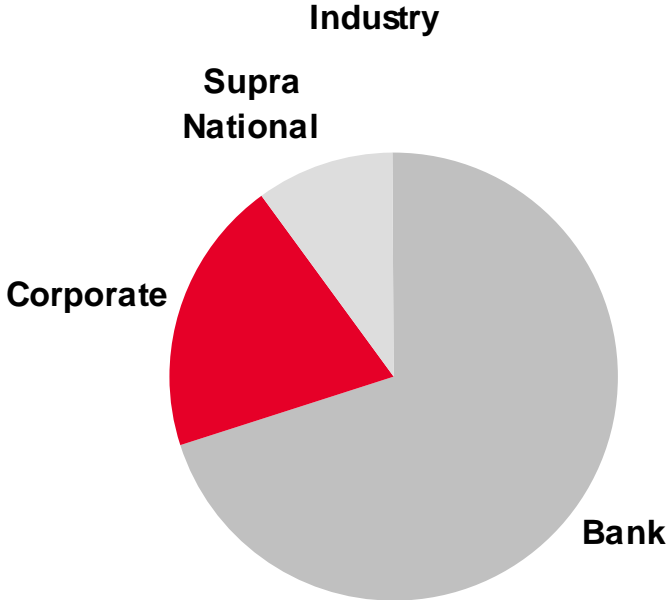
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10 members from various horizon

- |     |                          |  |
|-----|--------------------------|--|
| 1.  | <b>Claudia BENCI</b>     | <b>Banca Monte dei Paschi</b>          |
| 2.  | <b>Philippe BILLOT</b>   | <b>Investment Management</b>           |
| 3.  | <b>Olivier BRISSAUD</b>  | <b>Volkswagen</b>                      |
| 4.  | <b>Francesco GALIANA</b> | <b>Banco Santander Central Hispano</b> |
| 5.  | <b>Franck HEBEISEN</b>   | <b>Société Générale</b>                |
| 6.  | <b>Timothy O'CONNEL</b>  | <b>European Investment Bank</b>        |
| 7.  | <b>Guido RAVOET</b>      | <b>Euribor FBE</b>                     |
| 8.  | <b>Michael SCHNEIDER</b> | <b>DZ Bank</b>                         |
| 9.  | <b>Pepijn SIGTERMANS</b> | <b>ING Bank</b>                        |
| 10. | <b>Colin WITHERS</b>     | <b>Citibank London</b>                 |

# STEP Market Committee

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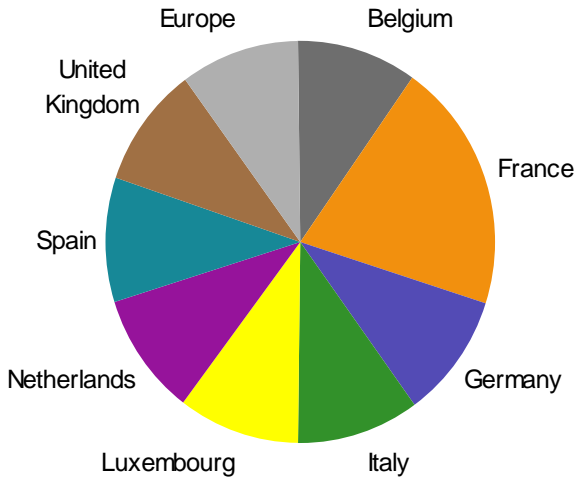




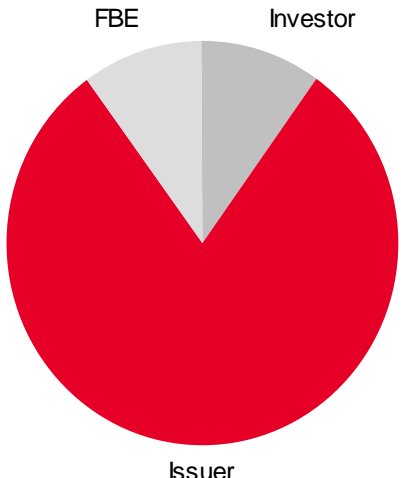
# STEP Market Committee

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**Regions**



**Typology**



## STEP Labelling cycle

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- Application Form
- Duly signed Info Memo in the English version
- Two most recent annual report of the issuer
- Rating Letters from the Rating Agencies
- Text of guarantee
- Commitment to update info memo on a regular basis:
  - Info memo every 3 years
  - Financial information every year
  - Significant change in the programme

# STEP labelling cycle

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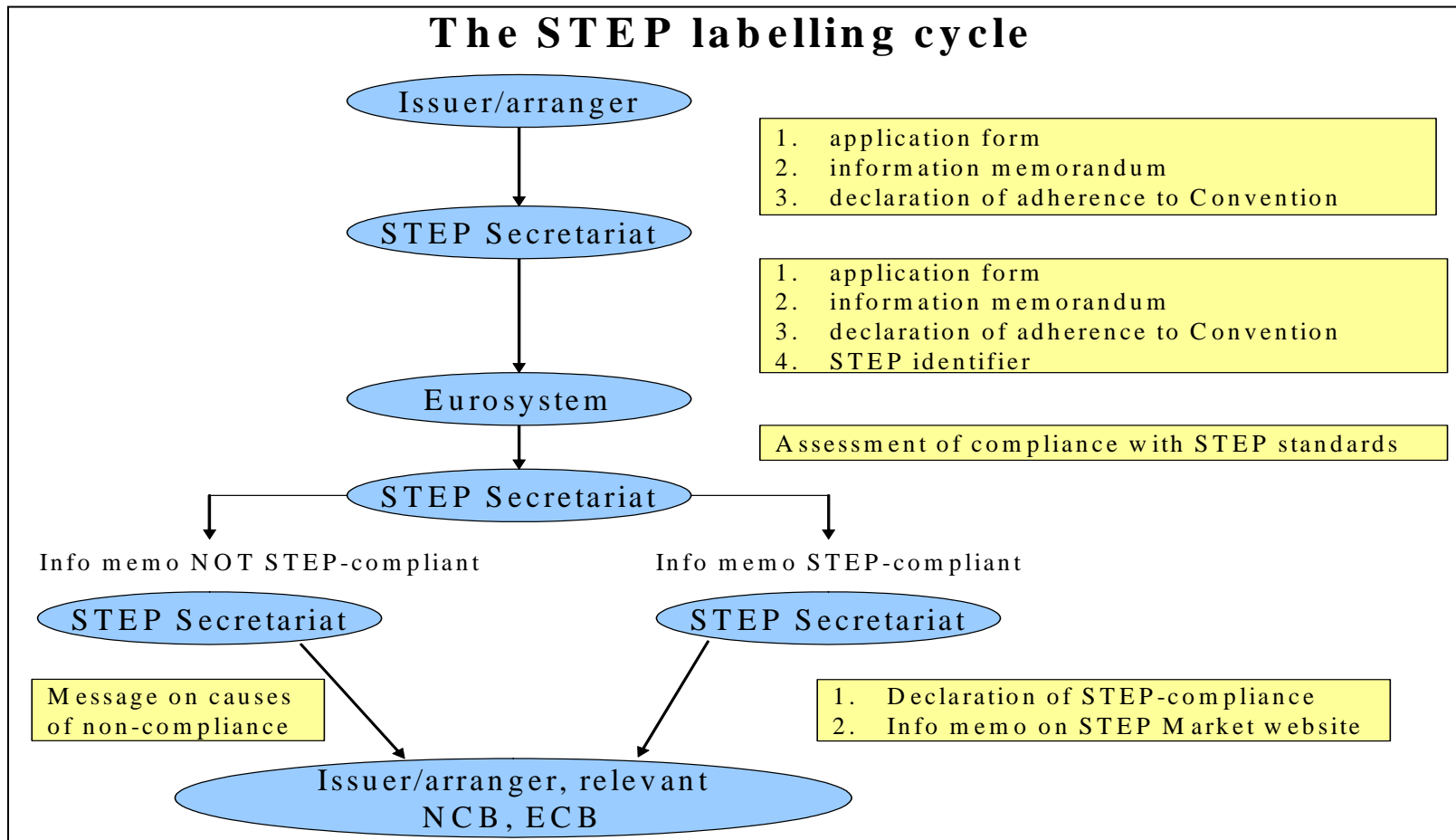
## Granting of the STEP label

- The STEP Secretariat checks the Info Memo compliance with the STEP Market Convention standards.
- If process is positive, the STEP secretariat informs the Issuer of its STEP eligibility and adds the Programme to the list of STEP labelled ones, on the STEP website
- The STEP Secretariat update the website with an electronic version of the Info Memo
- All issues under the programme are included in the STEP statistical releases of activity conducted by ECB/ESCB.

## Withdrawal of the STEP label

- The STEP Secretariat can withdraw at any moment the label in case of non respect of any of the articles of the Market Convention

# STEP labelling cycle



# STEP statistics

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- Aggregated volume statistics
- Yield indicators
- Individual volumes

## STEP statistics

Step compliant programmes **150 461** **86 149**

Issuer	Type	Size	Cur	Size €	S&P	Moody's	Fitch	25-Aug
Antalis	French ECP	4 461	€	4 461	A-1+	P-1		4 461
BNP PARIBAS	French ECD	45 000	€	45 000	A-1+	P-1	F1+	28954
Dexia Crédit Local	French ECD	15 000	€	15 000	A-1+	P-1	F1+	11193
DZ BANK	Global	5 000	€	5 000	A-1+	P-0	F1	323
Fortis Bank	Global	unlimited	€	unlimited	A-1+	P-1	F1+	11 000
GE Capital European Funding	French ECP	25 000	€	25 000	A-1+	P-1	F1+	6 765
Intesa Bank Ireland p.l.c.	Global	10 000	\$	10 000	A-1+	P-1		ND
Michelin	French ECP	1 000	€	1 000	A-2	P-2		650
RCI Banque	French ECD	5 000	€	5 000	A-1+	P-1	F1+	2 181
SOCIETE GENERALE	ECP / ECD	30 000	€	30 000	A-1+	P-1	F1+	20 622
SOCIETE GENERALE	French ECD	10 000	€	10 000	A-1+	P-1	F1+	0

## STEP SSS's eligibilty criteria

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- Operating on Target calendar
- Use of an ISIN code for the STEP issuances
- Fee disclosure on issuance, settlement and custody for STEP instruments
- Same Day issuance:
  - By close of business same-day, the funds related to the issuance should be credited on the account of the bank of the Issuer (IPA's account), for instructions transmitted to the SSSs by 2.00 pm.
- Harmonized intraday deadline between internal and cross border/cross system distribution.
- Settlement in DVP mode
- Preference for Central Bank money for securities settlement (non stringent)
- Description of Market coverage for the European market.

## Settlement : STEP eligible SSS

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List of eligible SSS with which a STEP programme can settle in order to be STEP compliant:

- **BNB-NBB** – **Belgium**
- **Clearstream Banking Frankfurt** – **Germany**
- **Clearstream Banking Luxembourg** – **Luxembourg**
- **Euroclear Bank** – **Belgium**
- **Euroclear France** – **France**
- **Iberclear** – **Spain**
- **Monte Titoli** – **Italy**
- **NCSD APK** – **Finland**
- **Oesterreichisches Kontrollbank AG** – **Austria**



## Benefits of STEP Label

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- Independent authority to check Info Memo
- Annual update
- Electronic settlement
- Minimum issuance amount € 150,000
- Availability of statistics about the activity of the Programme

## ACI & FBE statement

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- ACI and FBE have sent a joint letter to European Commission to underpin the importance of:
  - enforcing all the transparency criteria
  - applying on the same manner the criteria whatever the issuer category (no difference between corporates, financials, ABCPs)
  - create an environment which is favorable to the market development without jeopardizing a vital source of funding for banks by allowing full deregulation

## STEP labelled programmes

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- BNP Paribas
  - Antalis
  - Dexia credit locale
  - DZ Bank
  - Fortis Bank
  - GE
  - Intesa Bank Ireland Plc
  - Michelin
  - RCI
  - Societe Generale
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- Several programmes in the pipeline

## Information

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[WWW.STEPMARKET.ORG](http://WWW.STEPMARKET.ORG)

**For information and applications**