Remarks on STEP+

MMCG meeting

10 December 2013
Main objectives of STEP+ initiative

According to its promoters, the STEP+ initiative has three main objectives:

• Enhance STEP market functioning by concentrating trading on selected multilateral trading facilities
• Strengthen STEP market transparency
• Set up a STEP transaction-based benchmark index
Envisaged STEP+ work arrangements

According to its promoters, the work on the STEP+ initiative may be organised as follows:

- Under the lead of the ACI and the Euribor EBF; and working together with the STEP Market Committee and the MMLWG
- STEP+ Steering Committee
- Three work streams: recognised trading venues; risk management and transparency; transaction-based index and standardisation
- Secretariat
- Preparation phase of around 18 months starting in January 2014, followed by implementation
ECB feedback so far

• The objectives of the initiative are worth pursuing, in particular because revitalisation of the euro money market (including the unsecured segment) is important for monetary policy implementation

• The initiative will benefit from having a narrow set of clearly defined objectives, which can be translated into specific benefits; and from carefully crafted assumptions

• The ECB will act as an observer in the STEP+ Steering Committee and may contribute to the preparatory work in the work streams, also in cooperation with the EFMLG

• Some of the STEP+ Steering Committee meetings, including the first one, may be held at the premises of the ECB

• (In addition, the ECB collects and publishes STEP statistics; and acts as observer in the STEP Market Committee)