Negotiable European Commercial Paper

European Central Bank
Money Market Contact Group

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Negotiable European Commercial Paper

Context

Created in 1985 the French market for negotiable debt securities (TCN, Titres de créances négociables) is the largest commercial paper market in the Euro area.

Within the framework of Place de Paris 2020, Banque de France led a project to reform the TCN market, working with market participants associations (ACI France, AFG, AFTE,...), market infrastructures, law firms, rating agencies, regulatory authorities.

The reform simplifies the legal framework and regulatory requirements, brings the market in line with international standards and aims to open the market to a larger number of issuers in France and abroad, including mid-sized enterprises.

It also reflects the objectives of the Capital Markets Union launched in 2015 by the European Commission.
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*What does not change*

- Legal nature of the securities
- Deep and liquid market
- Transparency (through Banque de France website, statistics and info memos)
- Oversight (Banque de France remains competent to ensure that issuers comply with issuance rules set out in the French Monetary and Financial Code)
- Collateral eligibility rules for Eurosystem refinancing
- Step label
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Clarification of the categories and unification of the legal regime

• TCNs are grouped in two categories:
  o Short term TCNs (titres négociables à court terme) with a maturity up to one year, that gather Certificats de Dépôt (banking issuers) and Billets de Trésorerie (NFC issuers)
  o Mid-Term TCNs (titres négociables à moyen terme) to align the name of former BMTNs (bons à moyen terme négociables)

• A new commercial name : NEU CP for Negotiable European Commercial Paper, chosen by the marketplace

• One Government Order instead of 4

Law (L213-I-A to L 213-4-1)
Decree (D 213-I-A to D 213-14)
One Decision of the Governor n°2012-01, July 2nd 2012

One Decree, May 30th 2016
One Order, May 30th 2016
One Decision of the Governor n°2016-04, May 31st 2016
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Easing of regulatory requirements

• Simplified financial documentation
  o Standardisation of the issuance documentation
  o Language commonly used in the financial sphere with no obligation to provide a summary in French

• Broader acceptance of accounting standards
  o Local accounting of countries in the EEA
  o Accounting and auditing standards that the European Commission considers as equivalent to international financial reporting standards and European standards.

• Extension of the list of rating agencies
  o If the issuer does not benefit from the programme rating exemption, the list of credit agencies able to rate the programme is extended to all agencies authorised by ESMA, under certain requirements (methodology, sector, historical data)
  o Removal of rating letters from the info memo
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Infrastructures

• Post-market infrastructure is strengthened with instant creation of the issues by market markers. Euroclear France offers a new service, eNEU CP, that will allow dealers to initiate the demand of ISIN codes and to benefit from their generation in real-time. This change, alongside settlement in central bank money, reinforces the efficiency and security of the transactions.

Transparency

• Banque de France still provides, in addition to the information memoranda of the programmes, periodic statistics (daily, weekly, monthly) with outstanding by issuer, maturities, average yields by category of issuers and rating.
Negotiable European Commercial Paper

Documentation

French Decree May 30th 2016

https://www.legifrance.gouv.fr/affichTexte.do;jsessionid=CFE37636CEB35AF2318D515254C82505.tpdila13v_3?cidTexte=JORFTEXT0000032611011&dateTexte=&oldAction=rechJO&categorieLien=id&idJO=JORFCONT000032610819

French Order May 30th 2016

https://www.legifrance.gouv.fr/affichTexte.do;jsessionid=CFE37636CEB35AF2318D515254C82505.tpdila13v_3?cidTexte=JORFTEXT0000032611052&dateTexte=&oldAction=rechJO&categorieLien=id&idJO=JORFCONT000032610819

Banque de France Technical Paper


Opinion of the European Central Bank


Banque de France Website (statistics and issuers info memos)

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