STEP
Short Term European Paper

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ECB Money Market Contact Group

Frankfurt, 20th September 2006,
STEP by STEP

• 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

- 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

ACI → Euribor-ACI

Memorandum of Understanding

STEP Market Committee

Euribor-FBE ← FBE

Issuer

STEP Secretariat

Market Convention

ESCB

Statistics
STEP Market Convention

- 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

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

10 members from various horizon

<table>
<thead>
<tr>
<th></th>
<th>Name</th>
<th>Affiliation</th>
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<tr>
<td>1.</td>
<td>Claudia BENCI</td>
<td>Banca Monte dei Paschi</td>
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<td>2.</td>
<td>Philippe BILLOT</td>
<td>Investment Management</td>
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<td>3.</td>
<td>Olivier BRISSAUD</td>
<td>Volkswagen</td>
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<td>4.</td>
<td>Francesco GALIANA</td>
<td>Banco Santander Central Hispano</td>
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<td>5.</td>
<td>Franck HEBEISEN</td>
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<td>6.</td>
<td>Timothy O’CONNEL</td>
<td>European Investment Bank</td>
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<td>7.</td>
<td>Guido RAVOET</td>
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<td>8.</td>
<td>Michael SCHNEIDER</td>
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<td>9.</td>
<td>Pepijn SIGTERMANS</td>
<td>ING Bank</td>
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<td>10.</td>
<td>Colin WITHERS</td>
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STEP Market Committee

Industry

Supra National

Corporate

Bank

Markets

All (FBE)

Spain

Belgium

France

ECP / ECD
STEP Market Committee

Regions

Typology

Issuer

FBE

Investor
STEP Labelling cycle

- 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

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
The STEP labelling cycle

1. Declaration of STEP-compliance
2. Information memorandum
3. Declaration of adherence to Convention

Issuer/arranger

STEP Secretariat

Eurosysterm

STEP Secretariat

1. Application form
2. Information memorandum
3. Declaration of adherence to Convention
4. STEP identifier

Assessment of compliance with STEP standards

Info memo NOT STEP-compliant

Info memo STEP-compliant

STEP Secretariat

Message on causes of non-compliance

Issuer/arranger, relevant NCB, ECB

STEP Secretariat

1. Declaration of STEP-compliance
2. Info memo on STEP Market website
STEP statistics

- Aggregated volume statistics
- Yield indicators
- Individual volumes
### STEP statistics

<table>
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<th>Issuer</th>
<th>Type</th>
<th>Size</th>
<th>Cur</th>
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Step compliant programmes: 150 461

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 eligibility criteria

- 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 stringerent)
- Description of Market coverage for the European market.
Settlement : STEP eligible SSS

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
• Oesterreichiches Kontrollbank AG – Austria
Benefits of STEP Label

• 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

• 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

- BNP Paribas
- Antalis
- Dexia credit locale
- DZ Bank
- Fortis Bank
- GE
- Intesa Bank Ireland Plc
- Michelin
- RCI
- Societe Generale

- Several programmes in the pipeline
Information

WWW.STEPMARKET.ORG

For information and applications