

STEP

Short Term European Paper

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ECB Money Market Contact Group

Frankfurt, 20th September 2006,

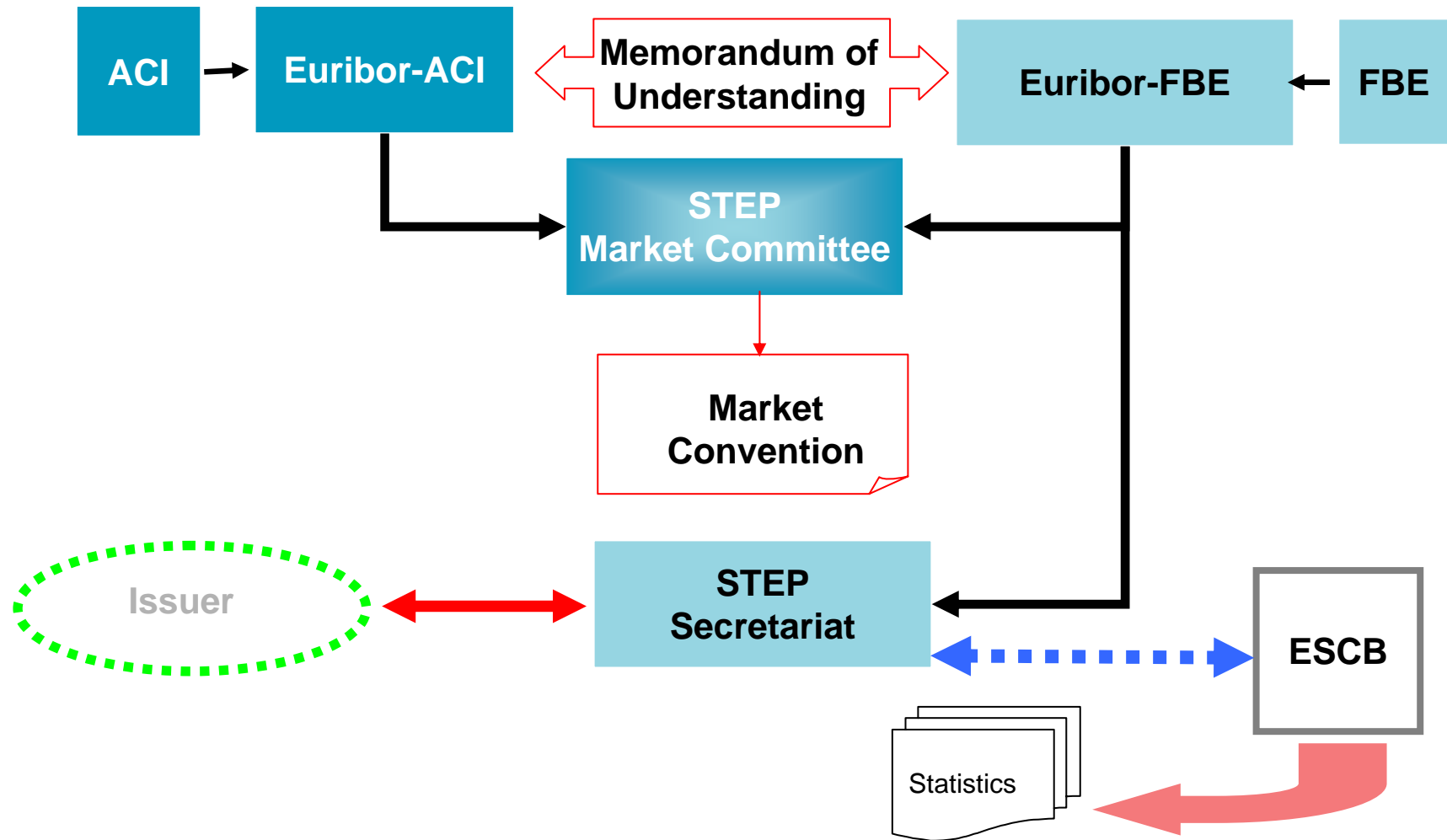
STEP by STEP

- 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



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**

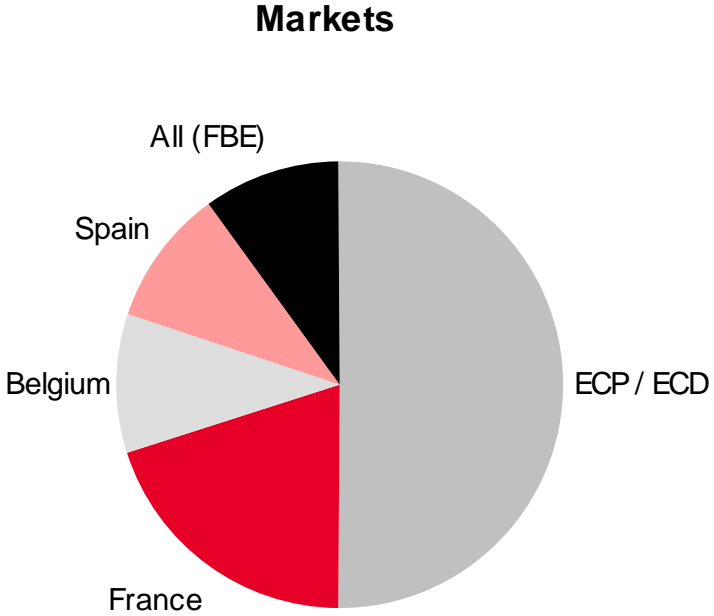
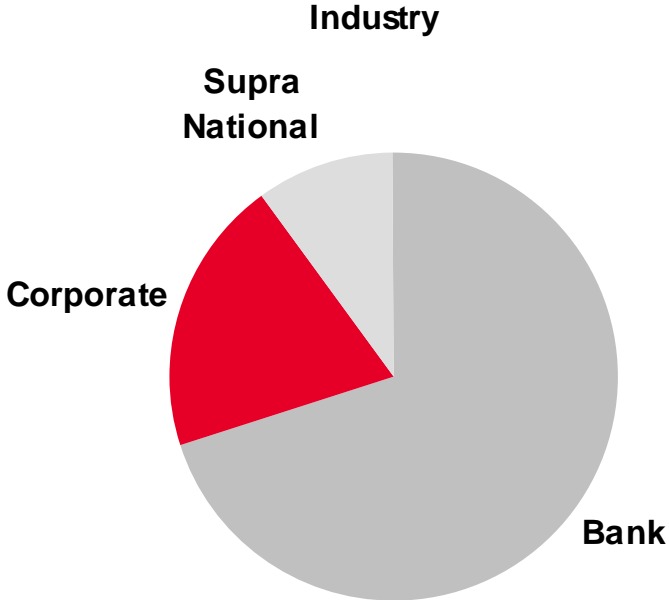
- Finalise and update details of the STEP market convention
- Implement the STEP market convention
- Amend provisions of the STEP market convention from time to time
- Revise features of the standard information memoranda from time to time
- Liaise with market supervisors and supranational bodies
- Liaise 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

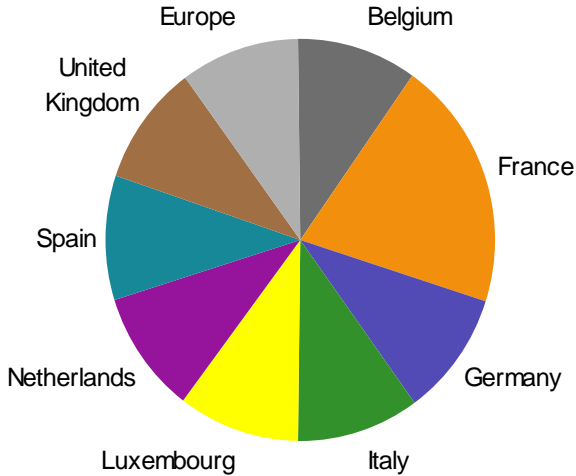
- | | | |
|-----|--------------------------|--|
| 1. | Claudia BENCI | Banca Monte dei Paschi |
| 2. | Philippe BILLOT | Investment Management |
| 3. | Olivier BRISSAUD | Volkswagen |
| 4. | Francesco GALIANA | Banco Santander Central Hispano |
| 5. | Franck HEBEISEN | Société Générale |
| 6. | Timothy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

STEP Market Committee



STEP Market Committee

Regions



Typology



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

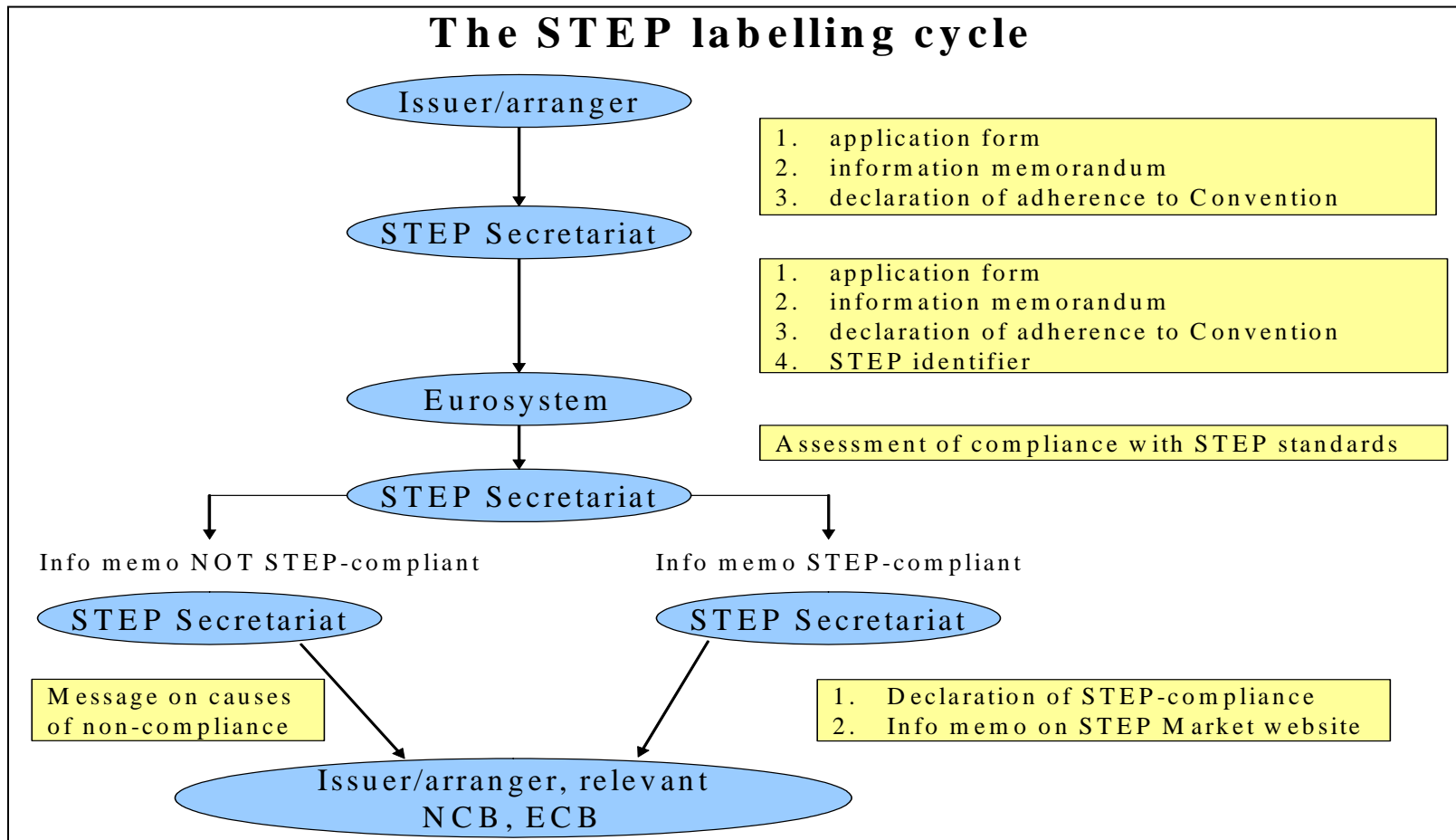
Granting of the STEP label

- 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

STEP labelling cycle



STEP statistics

- 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

- 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

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

- 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