
Negotiable European Commercial Paper

European Central Bank
Money Market Contact Group

Frankfurt, September 27th 2016

Negotiable European Commercial Paper

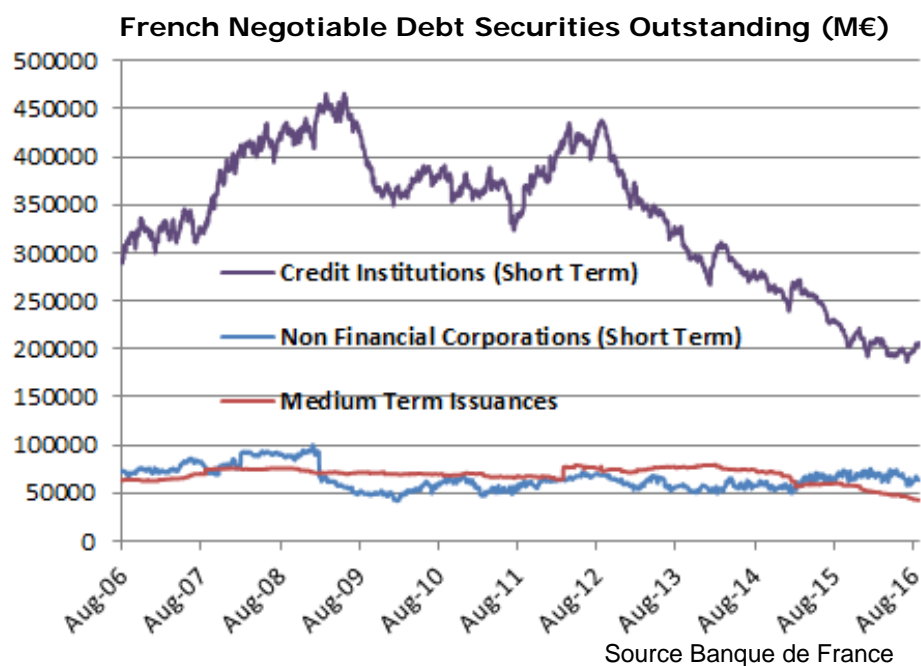
Context

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.

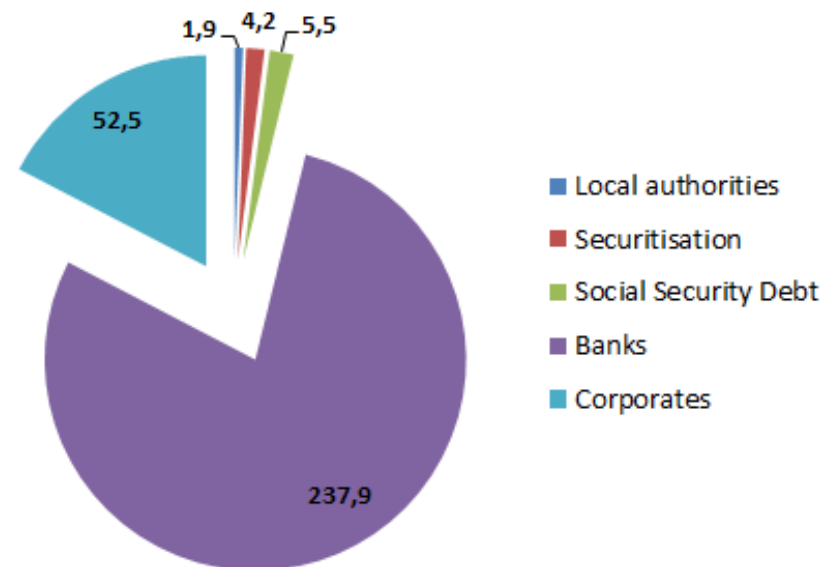
Within the framework of Place de Paris 2020, Banque de France led a project to reform the TCN market, working with market participants associations (ACI France, AFG, AFTE,...), market infrastructures, law firms, rating agencies, regulatory authorities.

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.



Outstanding by Issuer Sector (Bn€ as at April 2016)



Negotiable European Commercial Paper

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

Negotiable European Commercial Paper

Clarification of the categories and unification of the legal regime

- TCNs are grouped in two categories:
 - 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)
 - 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)
4 Orders (1992, 1998, 2005, 2006)
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

Negotiable European Commercial Paper

Easing of regulatory requirements

- Simplified financial documentation
 - Standardisation of the issuance documentation
 - Language commonly used in the financial sphere with no obligation to provide a summary in French
- Broader acceptance of accounting standards
 - Local accounting of countries in the EEA
 - 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
 - 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)
 - Removal of rating letters from the info memo

Negotiable European Commercial Paper

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=JORFTEXT000032611011&dateTexte=&oldAction=rechJO&categorieLien=id&idJO=JORFCONT000032610819

French Order May 30th 2016

https://www.legifrance.gouv.fr/affichTexte.do;jsessionid=CFE37636CEB35AF2318D515254C82505.tpdila13v_3?cidTexte=JORFTEXT000032611052&dateTexte=&oldAction=rechJO&categorieLien=id&idJO=JORFCONT000032610819

Banque de France Technical Paper

https://www.banque-france.fr/fileadmin/user_upload/banque_de_france/Politique_Monetaire/Dossier-technique-EN-Reform-of-the-negotiable-debt-securities-market.pdf

Opinion of the European Central Bank

https://www.ecb.europa.eu/ecb/legal/pdf/en_con_2016_20_f_sign.pdf

Banque de France Website (statistics and issuers info memos)

<https://www.banque-france.fr/en/monetary-policy/commercial-paper-and-medium-term-note-markets.html>

Disclaimer

This document (including any attachments thereto) is confidential and intended solely for the use of the addressee(s). It should not be transmitted to any person(s) other than the original addressee(s) without the prior written consent of Natixis. If you receive this document in error, please delete or destroy it and notify the sender immediately.

This document has been prepared by our economists. It does not constitute an independent investment research and has not been prepared in accordance with the legal requirements designed to promote the independence of investment research. Accordingly there are no prohibitions on dealing ahead of its dissemination.

The distribution, possession or delivery of this document in, to or from certain jurisdictions may be restricted or prohibited by law. Recipients of this document are therefore required to ensure that they are aware of, and comply with, such restrictions or prohibitions. Neither Natixis, nor any of its affiliates, directors, employees, agents or advisers nor any other person accept any liability to anyone in relation to the distribution, possession or delivery of this document in, to or from any jurisdiction.

This document (including any attachments thereto) are communicated to each recipient for information purposes only and do not constitute a personalised recommendation. It is intended for general distribution and the products or services described therein do not take into account any specific investment objective, financial situation or particular need of any recipient. It should not be construed as an offer or solicitation with respect to the purchase, sale or subscription of any interest or security or as an undertaking by Natixis to complete a transaction subject to the terms and conditions described in this document or any other terms and conditions. Any undertaking or commitment shall be subject to Natixis prior approval and formal written confirmation in accordance with its current internal procedures. This document and any attachments thereto are based on public information.

This document has neither verified nor independently analysed the information contained in this document. Accordingly, no representation, warranty or undertaking, express or implied, is made to the recipients of this document as to or in relation to the accuracy or completeness or otherwise of this document or as to the reasonableness of any assumption contained in this document. The information contained in this document does not take into account specific tax rules or accounting methods applicable to counterparties, clients or potential clients of Natixis. Therefore, Natixis shall not be liable for differences, if any, between its own valuations and those valuations provided by third parties; as such differences may arise as a result of the application and implementation of alternative accounting methods, tax rules or valuation models. In addition, any view, opinion or other information provided herein is indicative only and subject to change or withdrawal by Natixis at any time without notice.

Prices and margins are indicative only and are subject to changes at any time without notice depending on inter alia market conditions. Past performances and simulations of past performances are not a reliable indicator and therefore do not predict future results. The information contained in this document may include the results of analysis derived from a quantitative model, which represent potential future events, that may or may not be realised, and is not a complete analysis of every material fact representing any product. The information may be amended or withdrawn by Natixis at any time without notice. More generally, no responsibility is accepted by Natixis, nor any of its holding companies, subsidiaries, associated undertakings or controlling persons, nor any of their respective directors, officers, partners, employees, agents, representatives or advisors as to or in relation to the characteristics of this information. The opinions, views and forecasts expressed in this document (including any attachments thereto) reflect the personal views of the author(s) and do not reflect the views of any other person or Natixis unless otherwise mentioned.

It should not be assumed that the information contained in this document will have been updated subsequent to date stated on the first page of this document. In addition, the delivery of this document does not imply in any way an obligation on anyone to update such information at any time.

Natixis shall not be liable for any financial loss or any decision taken on the basis of the information contained in this document and Natixis does not hold itself out as providing any advice, particularly in relation to investment services. In any event, you should request for any internal and/or external advice that you consider necessary or desirable to obtain, including from any financial, legal, tax or accounting advisor, or any other specialist advice, in order to verify in particular that the investment(s) described in this document meets your investment objectives and constraints and to obtain an independent valuation of such investment(s), its risks factors and rewards.

Natixis is authorised in France by the Autorité de contrôle prudentiel (ACP) as a Bank –Investment Services providers and subject to its supervision. Natixis is regulated by the AMF in respect of its investment services activities.

Natixis is authorised by the Autorité de Contrôle Prudentiel and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority. Details about the extent of our regulation by the Financial Conduct Authority and Prudential Regulation Authority are available from us on request.

Natixis is authorised by the ACP and regulated by the BaFin (Bundesanstalt für Finanzdienstleistungsaufsicht) for the conduct of its business in Germany. The transfer / distribution of this document in Germany is done by / under the responsibility of NATIXIS Zweigniederlassung Deutschland.

Natixis is authorised by the ACP and regulated by Bank of Spain and the CNMV for the conduct of its business in Spain.

Natixis is authorised by the ACP and regulated by Bank of Italy and the CONSOB (Commissione Nazionale per le Società e la Borsa) for the conduct of its business in Italy.

Natixis, a foreign bank and broker-dealer, makes this research report available solely for distribution in the United States to major U.S. institutional investors as defined in Rule 15a-6 under the U.S. Securities Act of 1934. This document shall not be distributed to any other persons in the United States. All major U.S. institutional investors receiving this document shall not distribute the original nor a copy thereof to any other person in the United States. Natixis Securities Americas LLC a U.S. registered broker-dealer and member of FINRA is a subsidiary of Natixis. Natixis Securities Americas LLC did not participate in the preparation of this research report and as such assumes no responsibility for its content. This research report has been prepared and reviewed by research analysts employed by Natixis, who are not associated persons of Natixis Securities Americas LLC and are not registered or qualified as research analysts with FINRA, and are not subject to the rules of the FINRA.