Reform bond OLO stripping

Press release from the Belgian Debt Agency

As from June 28th, the Belgian Debt Agency introduces a technical but important reform of the OLO strip market, which aims at creating fully fungible zero coupons called BE-strips.

Stripping of an OLO transforms the not expired coupons and the capital of an OLO into zerocoupons.

As from June 28th, stripping of OLOs will result in the creation of one type of zerocoupons: BE-strips. BE-strips can represent both not expired coupon payments and/or the capital of stripped OLOs. BE-strips are fungible if they have the same maturity date.

The purpose of this reform is to simplify the stripping-process considerably and to enhance the liquidity of the strip market.

Belgium is the second in the Euro-zone, after France, to create fungibility by maturity date of its strips. Belgium was also in 1992 the second in Europe to provide a stripping facility on its sovereign bonds.

Currently the Belgian OLO strip market is the fifth largest in the Euro zone. In anticipation of the creation of fungibility the outstanding of strips increased with nearly 30% (from 5.8 bn to 7.5 bn) over the last 12 months.

More information can be found on:
www.debtagency.be