



### Questions and Answers on the first emission of EU SURE social bonds

Brussels, 21 October 2020

#### **How exactly did the issuance work? What was the role of the investment banks in it?**

On Tuesday, 20 October 2020, the European Commission carried out the inaugural SURE issuance on behalf of the European Union, via a syndicated transaction.

The banks for syndicated issuance were selected through a formal "Request for Proposal" (RfP) procedure, which is market standard. Under this procedure, eligible banks were invited to submit a detailed funding strategy for this inaugural bond transaction covering inter alia timing, competitive supply, pricing and investor interest and bank's internal demand.

The selection of the joint-leads for our debut transactions is based on a scoring model that comprehensively takes into account the analysis of the banks' RfP replies and other objective criteria, such as banks' service in the preparation of borrowings and rotation.

Based on this procedure, the Commission selected Barclays, BNP Paribas, Deutsche Bank, Nomura and UniCredit.

The mandate was announced on Monday, 19 October at 13:25 am CET.

The order books opened on 20 October at 08:55 am CET and the transaction generated notable investor demand on both maturities (10 and 20-year). Books closed at 10:00 CET with an impressive and largest ever order book of €233 billion (€145 billion on the 10-year and €88 billion on the 20-year tranche). The majority of allocations went to accounts based in Germany, France, Benelux and the United Kingdom (64% of the 10-year tranche and 75% for the 20-year). The quality, size, breadth, and number of investors of the order books is a clear sign that SURE has been eagerly awaited by the market.

#### **What does the oversubscription show?**

On 20 October, the transaction gathered notable investor demand from the outset. Positive momentum continued during the book building process, with orders in excess of €233 billion. This shows an oversubscription of over 13 times. This is a sign of the great market interest and trust towards the EU as an issuer and in the EU SURE social bond framework.

#### **What are the respective amounts for each Member State? When will Member States receive their amounts?**

The precise amounts distributed to each Member State will only be finalised after a number of additional steps have been completed.

These include the allocation to investors and the pricing of the bond, which will determine the total amount raised by the EU on the market. Allocation of bonds follows market standards and an allocation policy that is compliant with the applicable Markets in Financial Instruments Directive (MiFID) regulation.

In line with market practice, loan disbursement will take place 5 business days after the transaction day.

#### **When will there be next bond issuances?**

The next bond issuances under the EU SURE instrument will follow later in 2020. The selection of a bank syndicate will again follow a formal RfP procedure.

The EU will publicly inform market participants once an RfP procedure has been launched. Banks and investors can then expect another primary market transaction in the near future. The mandate of banks will be published through the same standard procedure, in line with practice of other issuers and market expectations.

#### **What will be the total amount of bonds that you will issue this year?**

The European Union is planning to issue social bonds under the SURE programme in 2020 and 2021. The exact timing of each emission will be decided according to a set of conditions, including market conditions, competing supply, investors' appetite, outcome of previous SURE transactions and market absorption capacity.

The total tentative volume foreseen for 2020 is around €30 billion. Following the successful dual tranche and supposing that all procedures are finalised on time, we are confident that the envisaged borrowing amounts will be obtained.

Further details will be made available according to market and regulatory developments and market participants will be kept informed.

**For more information**

[Press release](#)

[Technical press release](#)

[Questions and Answers on SURE as social bonds](#)

[Social Bond Framework](#)

[SURE website](#)

[EU as a borrower website](#)

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