

GLOSSARY OF TERMS RELATED TO PAYMENT, CLEARING AND SETTLEMENT SYSTEMS (30 SEPTEMBER 2008)

COMMENTS & PROPOSALS FOR AMENDMENTS OR ADDITIONS

INTRODUCTION

A glossary is a key knowledge tool. Thus the ECB initiative is highly welcome. In its current state the GLOSSARY OF TERMS RELATED TO PAYMENT, CLEARING AND SETTLEMENT SYSTEMS already provides an impressive sum of information.

However while glossaries are good at providing definitions for terms which were already spotted or heard, they are more difficult to use when discovering a new field. This might be the case for most readers of the GLOSSARY. My pledge is that with a relatively small additional effort one can offer the reader navigation tools which will overcome the limitations of the alphabetical order.

In the process of drafting those tools, I started identifying a few gaps, inconsistencies re. entries (terms) or definitions.

Please take note that the results which are presented here are work in progress. Tables or diagrams are not final. They are here to give the persons in charge a taste of what could be actually achieved when taking the approach one step further.

Important Note: The ontology diagrams are part of a more global research. GELM Entreprises may own either partly or entirely the copyright of these diagrams.

These diagrams may circulate freely within the ECB and beyond, provided it is with the glossary and the source (JYG) and the copyright (©GELM Entreprises 2008) are mentioned. They are not to be used by any third party beyond visualisation.

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Approach

In the current GLOSSARY the alphabetical order, puts related terms apart. This would be true whichever language might be used. Regrouping related terms would add a lot to readability and clarity. Such regrouping can be drawn from the use of formal “ontologies”.

Ontologies are semantic structures encoding concepts, relationships etc., for a given domain. They are supposed to be the backbone of the Semantic Web. While being primarily a model or an abstraction, an ontology diagram can be used as a navigation tool within a given domain.

The approach can be summarized as follows:

- Concepts which are common to several terms of the GLOSSARY, were extracted. These concepts may have been expressed by identical words or synonyms in the original text, from which I chose one. In very few cases I had to use words which are not present in the GLOSSARY, like “Event” or “Behaviour”;
- From these concepts I drew a family of diagrams (see Diagram 1 and Diagram 2) in order to check the consistency and readability of the underlying model ;
- From these diagrams I went back to the GLOSSARY and regrouped terms along what I call “higher level terms or derivations” (see table 1 and table 2).

Please take note that I am not presenting the approach itself but intermediate results. Among other aspects it would be up to the ECB team to decide about the right terms to be used and to validate the key diagrams.

Please also take note that I went through several iteration, with the constant aim of facilitating navigation through the GLOSSARY. In practical terms this means going back and forth between lists and diagrams.

A list implies a hierarchy which may not reflect the complexity of relationships between terms. Thus my preference for specificity. This may prove not sufficient, e.g. where should we attach Credit Risk first? To Credit or to Risk? There is no best single answer. It all depends on the aspect which seems more important to the reader.

Diagrams are clearly better at representing multiple relationships. Furthermore if one feels confident enough in them, intermediate lists may not prove necessary. Diagrams could directly point to the entries (terms) of the GLOSSARY.

LOOKING FOR HIGH LEVEL TERMS

Specific terms like netting, settlement already appear in the original terms of the glossary. Most of the generic terms like process, system, principle, rule, infrastructure appear in the original definitions.

One difficulty is to deal with synonyms like process, procedure, rules. Thus my tendency to choose words which tend to convey more distinct meanings.

This does not eliminate entirely ambiguities like for Clearing House : is it an actor, a role, a system , a platform etc? This is a problem when dealing with lists, It is less relevant when we dealing with diagrams where multiple relationships can be represented.

The first diagram is a top level view of the GLOSSARY. The grouping of concepts into more abstract notions is reflected into the graphics.

The list of relationship is not exhaustive, e.g. an “event or behaviour” may trigger a “process” while the result of a process may be an event or a behaviour (like the transition to another process).

Diagram 1 - A Top Level View Of The Glossary

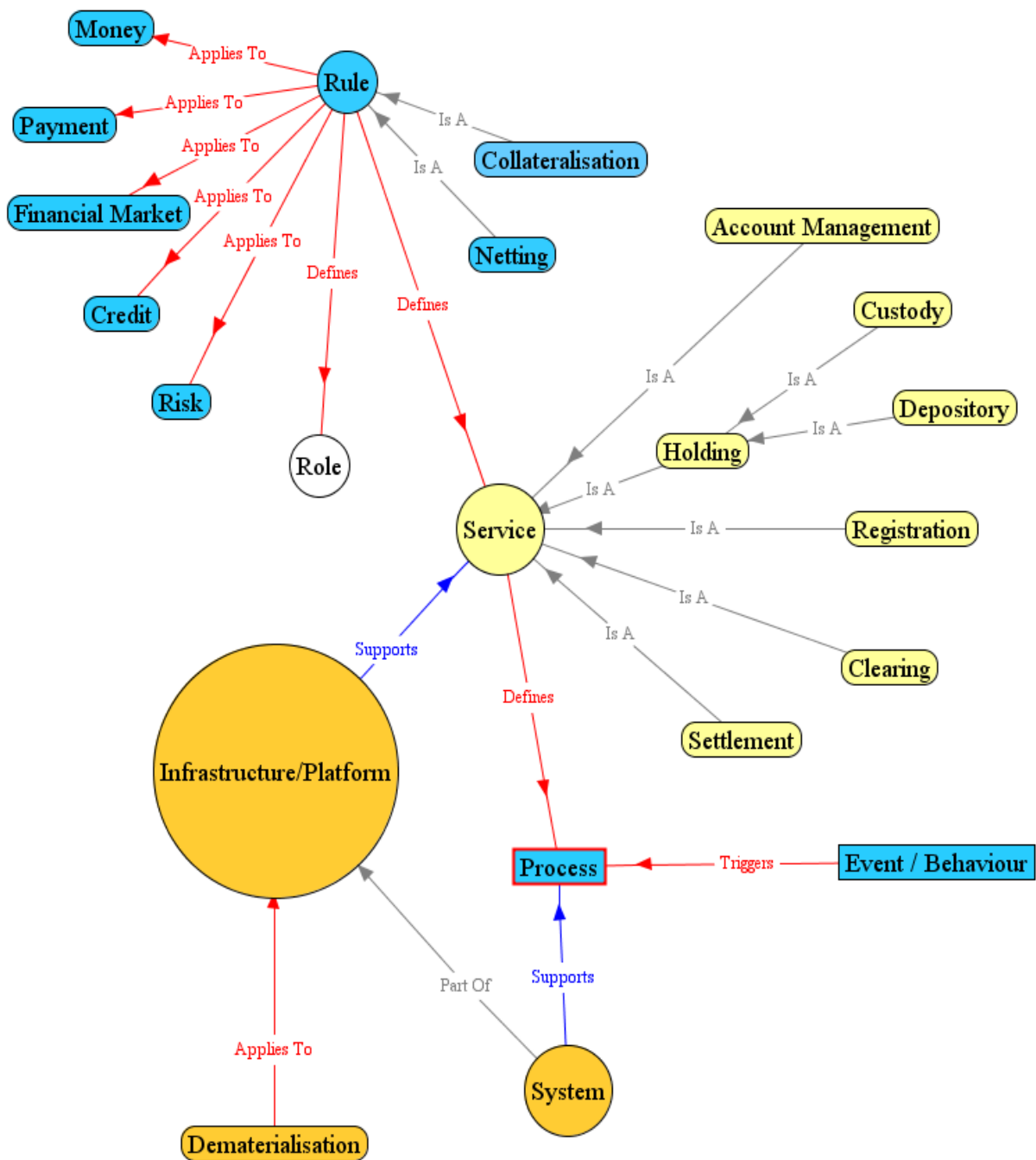


Table 1. Higher Level Terms Or Derivations

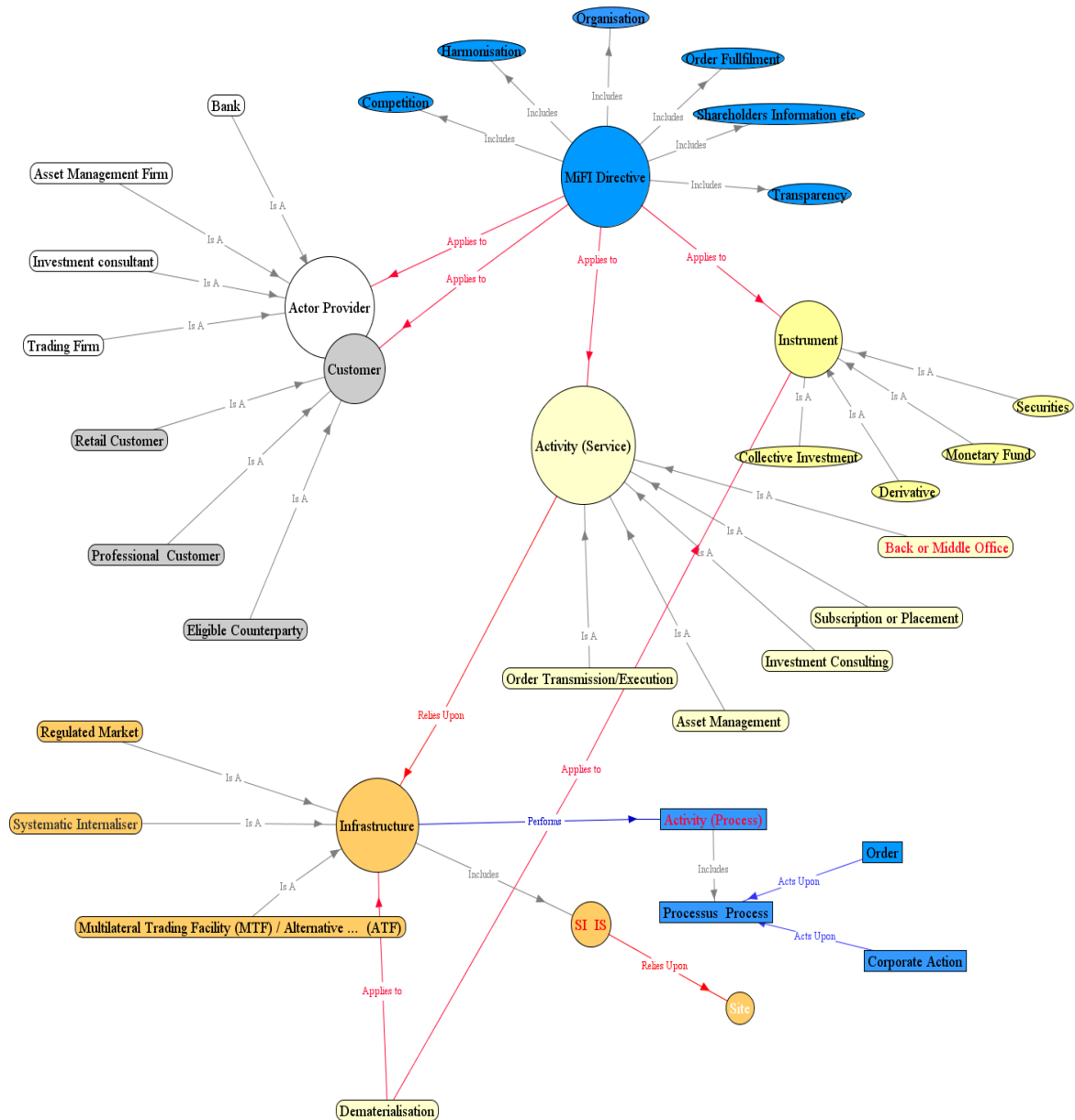
From the top level concepts appearing in the diagram one we can draw a list of derivations, in alphabetical order:

Account management	Event	Process
Account Management / Account	Event (behaviour see UML ?)	Registration
Account management / Event	Event (behaviour see UML ?)	Registration / Reference Data
Account management / Rule	Financial Instrument	Registration / Rule
Account management / System	Financial Market	Risk
Attribute	Financial Market / Event	Risk / Measure
Clearing	Financial Market / Process	Role
Clearing / Platform	Financial Market / Risk	Role / Attribute
Clearing / Role	Financial Market / Role	Role / System
Clearing / Rule	Financial Market / Rule	Rule
Clearing / System	Holding	Rule / Credit
Collateralisation	Infrastructure	Rule / Fee
Collateralisation / Contract	Infrastructure / Terminal	Rule / Risk
Collateralisation / Event	Money	Rule / System
Collateralisation / Platform	Netting	Rule or Process
Collateralisation / Rule	Netting / Rule	Rule or System
Credit	Payment	Service
Credit / Risk	Payment / Attribute	Settlement
Credit / Rule	Payment / Event	Settlement / Attribute
Custody	Payment / Process	Settlement / Event
Custody / Risk	Payment / Role	Settlement / Process
Custody / Role	Payment / Rule	Settlement / Role
Custody / Rule	Payment / system	Settlement / Rule
Custody / Rule / Security Measure	Payment Instrument	Settlement / Rule or Process
Custody / Service	Payment Instrument / Card	Settlement / System
Dematerialisation	Payment Instrument / Card / Event	System
Depository	Payment Instrument / Card / Role	System / Event
Depository / Role	Payment Instrument / Card / Rule	System / Risk
Depository / Rule		System / Role
		System / Rule

Diagram 2 - A Top Level View Of Terms Related To Financial Markets

The following diagram is drawn from derivations of Table 1 and other sources re. Financial Markets. It can work in three ways:

- As a validation tool for the top level diagram, of which it provides a specific view;
- As a top level representation of a specific domain.



This representation enables to go one step further into the derivation process until reaching the entries (terms) of the GLOSSARY. The result of which is Table 2.

- As a tool to identify gaps in the GLOSSARY (see highlights in the following tables. NB: they are not complete).

Table 2. Grouping Terms From The Original Glossary With High Level Terms

The list is not exhaustive and the ECB team may not take into consideration every suggested addition.

Account management	e-Bank Account Management		
Account Management / Account	Direct link	Custody / Risk	Custody risk
		Custody / Role	Custodian
	Loro account		Global Custodian
	Nostro account	Custody / Rule	CSD link
	Omnibus account		Gross margining
	Settlement account		Indirect holding system
	Vostro account		Indirect link
Account management / Event	Book-entry transaction		Net margining
			Tri-party repo
Account management / Rule	Double-entry bookkeeping	Custody / Rule / Security Measure	Segregation
		Custody	Custody
	Value date	Dematerialisation	Dematerialisation
Account management / System	Book-entry system		Electronic data interchange
			Truncation
Attribute	Daylight (credit, overdraft, exposure)	Depository	Depository
Clearing	Clearing	Depository / Role	Central securities depository
Clearing / Platform	Pan-European automated clearing house		Common depository
Clearing / Role	Clearing house		Depository
	Clearing member		International central securities depository
Clearing / Rule	Clearing fund		Investor CSD
	Guarantee fund		Issuer-CSD (issuing CSD)
Clearing / System	Automated Clearing House	Depository / Rule	Specialised depository
	Clearing system		Immobilisation
Collateralisation	Auto-collateralisation		Realignment
	Collateralisation	Event	Relayed link
Collateralisation / Event	Substitution (of securities)		Corporate action
			Rejects
Collateralisation / Platform	Collateral Central Bank Management	Risk	Returns
			Bilateral Exposure
Collateralisation / Rule	Collateral	Event or Behaviour	Exposure
	Collateral pool	Event or Behaviour	Cross-border transaction
	Correspondent central banking model	Event or Behaviour	Fail, failed transaction
	Cross-margining agreement	Event or Behaviour	Refusal
	Earmarking	Financial Instrument	Derivative
	Eligible assets, eligible collateral		Global certificate/note
	Margin		
	Self-collateralisation	Financial Market	Asset servicing
Credit / Risk	Credit risk	Financial Market / Event	Integrity of a securities issue
Credit / Rule	Credit limit	Financial	Delivery

Market / Process			Acquirer
Financial Market / Risk	Market risk		Payee
Financial Market / Role	Central Counterparty	Payment / Rule	Payer
Financial Market / Rule	Beneficial ownership/interest	Payment / System	Funds transfer system
	Central counterparty (CCP) link		Interbank funds transfer system)
	Delivery versus delivery		Large-value funds transfer system
	Delivery versus payment	Payment Instrument	Retail funds transfer system
	Direct holding system		Bill of exchange
	Free-of-payment delivery		Cheque
	Marking to market		Credit transfer
	Repurchase agreement		Direct debit
	Variation margin		Letter of credit
Holding	Safekeeping service		Mean of payment
Infrastructure	Market infrastructure		Money Order
	Primary site		M-payment
	Secondary site		Payment instrument
Infrastructure / Terminal	Automated teller machine		Payment order
	Cash dispenser		Postal order
	EFTPOS terminal		Provisional transfer – Conditional transfer (to add)
	Point of sale (POS) terminal		Standing order
Money	Central Bank Money	Payment Instrument / Card	Transfer order
	Commercial Bank Money- Bank money		Card (Payment card)
	Electronic Money		Cash Card - Card with a cash function
Netting	Netting		Charge card - Delayed debit card.
Netting / Rule	Advisory Netting		Chip card – Smart cart
	Bilateral netting		Credit Card- Card with a credit function
	Close-out netting		Debit card- Card with a debit function
	Multilateral netting		Electronic purse
	Netting		Multi-purpose prepaid card
	Netting by novation		Payment card
	Novation		Prepaid card
	Position Netting		Retailer card
Payment	Electronic Bill Presentment and Payment, e-invoicing		Smart card
	Payment	Payment Instrument / Card / Event	Stored value card
Payment / Attribute	Remote payment		Off-line card transaction
	Large-value payments		Online card transaction
	Retail payment	Payment Instrument / Card / Role	Card acquirer
Payment / Event	Mandate (for direct debits)		
	Refund		Card issuer
Payment / Process	Bulk payment		Cardholder
	Face-to-face payment		Cardholder
Payment / Role	Acceptor		Card issuer

Payment Instrument / Card / Rule	Card scheme	Role	Beneficiary
			Credit institution
	EMV		Electronic Money Institution
Process	Acceptance		Investment firm
	Confirmation		Money Remitter
	Daily processing		Nominee
	Multiacceptance		Oversight
	Multiple batch processing		Principal
	Pledge	Role / Attribute	Reachability
	Prenotification	Role / System	Indirect participant
	Processing	Rule	MIFID
	Reconciliation		Agency relationship
Registration	Registration		Cap
Registration / Reference Data	Bank identifier code		Committed facility
	International bank account number		Core Principles for Systemically Important Payment Systems
	Transaction reference number		Deposit facility
Registration / Rule	Registry		Four-party scheme
Risk	Default		Governance
	Legal risk		Net credit cap
	Liquidity risk		Non-repudiation
	Principal risk		Payment versus payment
	Settlement risk		Queue Management
Risk / Measure	Authentication		Queuing
	Authentication		Same-day funds
	Authenticity		Single Euro Payments Area
	Authorisation		Three-party scheme
	Authorisation		Tiering arrangement
	Authority	Rule / Credit	Daylight credit
	Business continuity		Intraday credit
	Digital certificates		Intraday liquidity
	Digital Signature		Marginal lending facility
	Electronic Signature		Standing facility
	Identification	Rule / Fee	Initial margin
	Identifier		Interchange fee
	Identifier		Merchant Service Charge
	Identity	Rule / Risk	"Survivors pay"
	Identity		Defaulter pays
	Identity Life-Cycle		Haircut
	Integrity		Loss-sharing agreement
	Integrity		Loss-sharing pool
	Lamfalussy standards (minimum standards of the Lamfalussy report)		Loss-sharing rule
	Personal Identification Number (PIN)		Reserve requirement
	Relying Party	Rule / System	Interoperability
	Two-Factor Authentication		Interoperability / Portability / Multiacceptance
		Rule / Credit	Credit line

Rule or Process	Chaining	Settlement / System	Exchange-for-value settlement system
	Straight-through processing		Gross settlement system
Rule or System	Payment system		Multilateral net settlement system
	Transfer system		Securities settlement system (SSS)
Service	Brand		Settlement system
	Co-branding		Net settlement system
Settlement	Home banking	Settlement / Role	Settlement agent (settlement institution)
	Bill Presentment and Payment, invoicing	Settlement / Rule	Contractual settlement date accounting
	Payment lag	Settlement / Rule or Process	Scheduling
	Settlement	Settlement / Rule or Process	Real-time gross settlement system
Settlement / Rule	Correspondent banking	System	Ancillary system
Settlement / Attribute	Cross-border settlement		
Settlement / Event	Domestic Settlement		Batch
	Settlement failure		Hybrid system
Settlement / Process	Internal Settlement		Remote access
	Matching		Wholesale funds transfer system ²
Settlement / Risk	Settlement day (or date)	System / Event	Gridlock
	Unwind	System / Risk	Operational risk
	Counterparty risk		Systemic risk
	Cross-currency settlement risk		Systemically important payment system
Settlement / Role	Foreign exchange settlement risk	System / Role	Designated system
	Replacement cost risk		Direct participant
	Cash settlement agent		Member
	Settling participant (settling member, settlement bank)		Participant
Settlement / Rule	Bilateral net settlement system	System / Rule	Remote participant
	Cross-Settlement		Exit criteria
Settlement / Rule or Process	Cut-off time		Limit
	Deferred net settlement system		
	Final settlement, final transfer ¹		
	Gross Settlement		
	Intraday finality		
	Net settlement		
	Provisional settlement		
	Settlement asset		
	Settlement cycle		
	Settlement interval		
	Settlement lag		
	Settlement obligation		
	Zero-hour rule		
	Optimisation routine		

¹ To be separated?

² To move to Payment

OTHER ASPECTS

Applying Terminology Professional Rules

Like other domains terminology got standard(s) and best practices. I tried in this document to apply or start applying key principles like:

- A designation (term) is always singular unless only plural exists;
- The designation (term) is never used in the definition;
- A explanation (or explanatory note) should always be clearly separated from the definition.

Abbreviations or Acronyms

A designation (term) is usually different from an abbreviation or an acronym thus the use of a separate column in the following table.

Amending Definitions

I did not suggest detailed amendments to definitions which seem broadly satisfactory. I trust the correspondants from local institutions are in a better position. I could still do so in application of the above principles which might not be familiar to some.

My **amends** relate mainly to meaning of terms which seem relevant and which do not appear in the original GLOSSARY. Again the list is indicative.

Green highlights were used to spot key wordings and (useful) repetitions. They are key to the simplicity and consistency of the GLOSSARY. Again I am far from exhaustive at this stage.

Quoting the Sources

In my view the source of definitions should be given, as the reference to legal terms or definitions from standard organisations.

To know that a given term may have a legal meaning is important. Such a term could bear a special mark.

Translation

I trust the Member States Central Banks will translate the GLOSSARY in the local language. As a native French speaker I found useful to start adding the French equivalents to the GLOSSARY. This is work in progress. It might already superseded by work from my former colleagues from private banks or the Banque de France

Security - Risk Management

This area requires in my view broader and deeper considerations. This is the meaning of a series of proposed addition. The texts are extracted mostly from research and contributions made either privately by GELM and partners or within the context of joint efforts like in the TWIST Identity Working Group or the IALTA Working Group on Records Management.

Open source rules apply to these texts.

THE GLOSSARY TABLE, REVISED ON DECEMBER 19, 2008

Higher Level Term (s)	Term	Abbreviations or Acronyms	Definition	French equivalent
Account management	e-Bank Account Management	(e)BAM	Online authorisation given by the customer to an account holding institution to update the conditions applying to this accounts (source TWIST).	
Account Management / Account	Direct link		An omnibus account opened by a CSD, referred to as the investor CSD, in the books of another CSD, referred to as the issuer CSD, in order to facilitate the transfer of securities from participants in the issuer CSD to participants in the investor CSD. In some cases the link may be operated by an intermediary that acts only as a technical service provider, without affecting securities ownership or legal issues; in such cases the link is known as an "operated direct link". See also Omnibus account, Investor CSD, relayed link.	
Account Management / Account	Loro account		A "loro account" is the term used in correspondent banking to describe an account held by one bank on behalf of another bank (the "customer bank"); the customer bank regards this account as its "nostro account". Sometimes also called a "vostro account". Antonym: Nostro account.	Compte loro
Account Management / Account	Nostro account		The term used in correspondent banking to describe an account held by a customer bank on the books of another bank acting as service provider. The other bank regards this account as a "loro account". Antonym: Loro account.	Compte nostro
Account Management / Account	Omnibus account		An account in which the securities of multiple parties are recorded together. For example, a participant in a clearing or settlement system often maintains an omnibus account in the system for all its clients.	Compte omnibus
Account Management / Account	Settlement account		An account held at a central bank or a central securities depository, or with a central counterparty or any other institution acting as a settlement agent, which is used to settle transactions between participants in a system.	
Account management / Account	Vostro account		See Loro account.	Compte vostro
Account management / Event	Book-entry transaction		This term has two meanings: 1) in the field of securities, the term refers to a transaction which is processed without the movement of physical certificates, by way of a credit or debit entry; 2) in the field of payments, the term refers to a credit or debit entry made by a credit institution on the account of a customer in accordance with general instruction by the customer (e.g. dividend payment, bank fees).	Saisie d'opération
Account management / Rule	Double-entry bookkeeping		An accounting principle whereby, for each credit/debit made on one account, there exists a corresponding entry on another account.	Double saisie (gestion de compte)

Account management / Rule	Value date		A reference ³ date used for the calculation of interest on the funds held on an account.	Date de valeur
Account management / System	Book-entry system		An accounting system which enables (records?) the transfer of securities and other financial assets without the physical movement of paper documents or certificates (e.g. the electronic transfer of securities) See also Dematerialisation, Immobilisation.	Système de saisie d'opération
Attribute	Daylight (credit, overdraft, exposure)		Synonym for intraday	
Clearing	Clearing		The process of transmitting, reconciling and, in some cases, confirming payment or securities transfer orders prior to settlement, possibly including the netting of orders and the establishment of final positions for settlement. Sometimes the term is used (imprecisely) to include settlement.	Compensation
Clearing / Platform	Pan-European automated clearing house.	PE-ACH	A business platform for the processing of euro payment instruments which is made up of governance rules and payment practices and supported by the necessary technical platform(s).	
Clearing / Role	Clearing house		A common entity (or common processing mechanism) through which financial institutions agree to exchange transfer instructions for funds or securities. In some cases, the clearing house may act as central counterparty for the participants and therefore assume significant financial risks. See also Clearing, Clearing system, Automated clearing house (ACH).	Chambre de compensation
Clearing / Role	Clearing member		A member of a clearing house. In a CCP context, a general clearing member clears on its own behalf, for its customers and on behalf of other market participants. Direct/individual clearing members clear on their own behalf and on behalf of their customers. Non-clearing members use general clearing members to access the system's services. All trades must be settled through a clearing member.	
Clearing / Rule	Clearing fund		A fund composed of assets contributed by participants in a CCP, or by providers of guarantee arrangements, that may be used in certain circumstances to settle transactions of a defaulting CCP participant and/or cover losses and liquidity pressures resulting from its defaults. See Process / participant / CCP	
Clearing / Rule	Guarantee fund		A fund which compensates non-defaulting participants for losses which they suffer in the event that one or more participants default on their obligations. See also Clearing fund, Collateral pool.	
Clearing / System	Automated Clearing House	ACH	An electronic clearing system in which payment orders are exchanged among participants, primarily via electronic media, and handled by a data processing center. See also Clearing, Clearing house.	
Clearing / System	Clearing system		A set of rules and procedures whereby financial institutions present and exchange data and/or documents relating to funds or securities transfers to other financial institutions at a single location (e.g. clearing house). The procedures often also include a mechanism for calculating participants' mutual positions, possibly on a net basis, with a view to facilitating the settlement of their obligations in the settlement system.	

³ This may be misleading and could be mistaken for "reference data" (NB TBD- to be defined)

			See also Clearing, Netting, Clearing house.	
Collateralisation	Auto-collateralisation		Auto-collateralisation (?)	
Collateralisation / Rule	Collateralisation		The commitment of the collateral provider to secure an obligation vis-à-vis the collateral taker.	
Collateralisation / Event	Substitution (of securities)		A situation in which an institution which has lent securities (or has deposited them as collateral) recalls them and replaces them with other securities of equivalent market value.	
Collateralisation / Platform	Collateral Central Bank Management	CCB M 2	The Collateral Central Bank Management (CCBM2) is a common platform for Eurosystem collateral management, establishing efficient collateral mobilisation and management procedures for both domestic and cross-border collateral.	
Collateralisation / Rule	Collateral		An asset or third-party commitment that is used by the collateral provider to secure an obligation vis-à-vis the collateral taker.	
Collateralisation / Rule	Collateral pool		A collateralisation technique that enables institutions to deposit their available collateral in one account in order to obtain credit from a counterparty. By contrast with an earmarking system, this technique enables an institution to make collateral available to a counterparty without allocating it to a specific transaction.	
Collateralisation / Rule	Correspondent central banking model	CCB M	A mechanism established by the European System of Central Banks with the aim of enabling counterparties to use eligible collateral in a cross-border context. In the CCBM, national central banks act as custodians for one another. This means that each national central bank has a securities account in its securities administration for each of the other national central banks and the ECB.	
Collateralisation / Rule	Cross-margining agreement		An agreement between two CCPs which makes it possible to limit the margin requirements for institutions participating in both CCPs by considering the positions and collateral of such participants as one portfolio.	
Collateralisation / Rule	Earmarking		A technique for identifying collateral whereby assets provided as collateral are attributed to individual transactions. Antonym: Collateral pool.	
Collateralisation / Rule	Eligible assets, eligible collateral		Assets which can be used as collateral in order to obtain credit from the Eurosystem	
Collateralisation / Rule	Margin		An amount for which highly liquid collateral is required in order to cover adverse market price movements.	
Collateralisation / Rule	Self-collateralisation		An arrangement whereby securities being transferred can be used as collateral to secure credit granted in order to settle the transfer.	
Credit / Risk	Credit risk		The risk that a counterparty will not settle an obligation for full value, either when due or at any time thereafter. Credit risk includes replacement cost risk and principal risk. It also includes the risk of the failure of the settlement bank. See also Replacement cost risk, Principal risk.	Risque de crédit
Credit / Rule	Credit limit		The limit on the credit exposure which a payment system participant incurs vis-à-vis another participant (bilateral credit limit) or vis-à-vis all other participants (multilateral credit limit) as a result of receiving payments which have not yet been settled. Also referred to as credit cap.	Engagement

Custody / Risk	Custody risk		The risk of loss on securities in custody as a result of the custodian's insolvency, negligence, misuse of assets, fraud, poor administration or inadequate record-keeping.	
Custody / Role	Custodian		An entity, often a credit institution, which provides custody services to its customers. To be distinguished from depository	Conservateur
Custody / Role	Global Custodian		A custodian that provides its customers with custody services in respect of securities traded and settled in several countries around the world.	
Custody / Rule	CSD link		A set of technical and legal arrangements between two CSDs, most notably an investor CSD and an issuer CSD, for the cross-system transfer of securities. See also Investor CSD, Issuer-CSD, relayed link, direct link, indirect link.	
Custody / Rule	Gross margining		A system (?) in which the margin posted in a CCP by a participant for its customers' positions is the sum of the requirements for individual customers.	
Custody / Rule	Indirect holding system		A multi-tiered arrangement for the custody and transfer of ownership (or similar interests) of securities in which investors are only identified at the level of their custodian. Antonym: Direct holding system.	
Custody / Rule	Indirect link		A link between two CSDs through an intermediary, whereby the two CSDs do not have any direct contractual or technical arrangement. See also Relayed link.	
Custody / Rule	Net margining		A mechanism whereby the margin posted in a CCP by a participant for its customers' positions is the net total of the requirements for the individual customers.	
Custody / Rule	Tri-party repo		Repo in which a third party (e.g. a custodian bank, a clearing house or a CSD) is responsible for the management of collateral during the life of the transaction.	
Custody / Rule / Security Measure	Segregation		A method of protecting client assets by holding them separately from those of the custodian (or other clients, as the case may be).	
Custody	Custody		The holding and administration of securities and other financial instruments on behalf of others. See also Safekeeping services.	Conservation
Dematerialisation	Dematerialisation		The elimination of physical certificates or documents of title which represent ownership of financial assets, so that the financial assets exist only as accounting records.	Dématérialisation
Dematerialisation	Electronic data interchange	EDI	The electronic exchange between commercial entities (in some cases also public administrations), in a standard format, of data relating to a number of message categories, such as orders, invoices, customs documents, remittance advices and payments. EDI messages are sent through public data transmission networks or banking system channels. Any movement of funds initiated by EDI is reflected in payment instructions flowing through the banking system. UN/CEFACT, a United Nations body, has established a set of standards for electronic data interchange for administration, commerce and transport (EDIFACT). ⁴	
Dematerialisation	Truncation		A procedure in which a paper-based transfer order or other financial instrument is replaced, in whole or in part, by an electronic record of the content of that instrument for further processing and transmission.	
Depository	Depository		TBD	

⁴ Needs to be updated.

Depository / Role	Central securities depository	CSD	An entity that: <ul style="list-style-type: none"> 1) enables securities transactions to be processed and settled by book entry and; 2) plays an active role in ensuring the integrity of securities issues. Securities can be held in a physical (but immobilised) or dematerialised form (i.e. so that they exist only as electronic records). 	
Depository / Role	Common depository		An entity , usually a credit institution, that provides the two ICSDs with safekeeping and asset servicing for physical papers ("global notes") that cover all or part of the issue of international debt instruments (e.g. Eurobonds). See also Specialised depository.	
Depository / Role	Depository		An agent with the primary role of recording the (direct or indirect) holding of securities. A depository may also act as registrar. To be distinguished from "custodian".	Dépositaire
Depository / Role	International central securities depository	ICSD	A central securities depository (CSD) which was originally set up to settle Eurobonds trades and which is now also active in the settlement of internationally traded securities from various domestic markets, typically across currency areas. At present, there are two ICSDs located in EU countries: Clearstream Banking (ICSD) Luxembourg and Euroclear Bank Brussels.	
Depository / Role	Investor CSD		A term used in the context of CSD links. The investor CSD - or a third party acting on behalf of the investor CSD - opens an omnibus account in another CSD (the issuer CSD), so as to enable the cross-system settlement of securities transactions. See also Direct link, Issuer-CSD (issuing CSD), relayed link.	
Depository / Role	Issuer-CSD (issuing CSD)		In the context of links between CSDs, designates the CSD in which securities are issued (or immobilised). The issuer CSD has an omnibus account in its books in the name of the investor CSD(s) for the transfer of securities to the investor CSD(s) (or to a third party, e.g. an intermediating CSD, acting on behalf of the investor CSD and its clients). See also Direct link, Investor CSD, relayed link.	
Depository / Role	Specialised depository		An entity, usually a credit institution, that provides ICSDs with safekeeping and asset servicing for physical certificates ("individual notes") that represent shares in international debt instruments (e.g. Eurobonds). See also Common depository.	
Depository / Role	Immobilisation		Placement of physical certificates for securities and financial instruments in a (common or central securities) depository so that subsequent transfers can be made by book entry - that is, by debits from and credits to holders' accounts at the depository.	Immobilisation
Depository / Role	Realignment		The transfer of assets from the account of one CSD to the account of another, so as to create a direct relationship with the issuer CSD.	
Depository / Role	Relayed link		A contractual and technical arrangement that allows central securities depositories (CSDs) (issuer and investor CSDs) to hold and transfer securities through an account with a third CSD (middle CSD) acting as an intermediary.	
Event	Corporate action		Action or event decided by the issuer of a security which has an impact on the holders. Such an event can be optional if there is a choice for the holders (example: exercise the right to purchase more	

			shares with conditions specified by the issuer) or mandatory if there is no choice for the holders (example: dividend payment, stock split).	
Event	Rejects		In the field of direct debits, rejects are direct debit requests which are diverted from normal execution by the debtor's bank prior to settlement.	
Event	Returns		Direct debit collections that are diverted from normal execution after inter-bank settlement claims initiated by the debtor bank.	
Risk	Bilateral Exposure		See Exposure	
Risk	Exposure		The loss that would be incurred if a certain risk materialised.	
Event or Behaviour	Cross-border transaction		Transaction where the payer's and the payee's financial institutions are located in different countries.	Transaction
Event or Behaviour	Fail, failed transaction		A transaction that does not settle on the contractual settlement date, but may be retained and may settle thereafter.	
Event or Behaviour	Refusal		In the field of direct debits, refusals are instructions ⁵ issued by the debtor prior to settlement, for whatever reason, to the effect that the debtor bank should not to make a direct debit payment.	
Financial Instrument	Derivative		A financial contract whose value depends on the value of one or more underlying reference assets, rates, indices or measure of economic value or on factual occurrences.	(Produit) dérivé
Financial Instrument	Global certificate/note		A single physical certificate that covers all or part of an issue of securities. For fixed income instruments, such as bonds, the term used is "global note".	
Financial Market	Asset servicing		Services provided by a CSD –Central securities depository- or a custodian in connection with the custody and/or safekeeping of financial instruments such as corporate actions, events, redemption, etc.	Conservation
Financial Market / Event	Integrity of a securities issue		The result of legal requirements and securities accounting procedures which ensures that the number of securities issued (i.e. booked in the issuer account at the CSD) is equal to the total number of securities in circulation (i.e. validly booked in investors' accounts) at any time.	
Financial Market / Process	Delivery		Transfer of financial instruments or commodities by book entry or by physical exchange.	
Financial Market / Risk	Market risk		The risk of losses (in both on and off-balance sheet positions) arising from movements in market prices. See also Replacement cost risk.	Risque de marché
Financial Market / Role	Central Counterparty	CCP	An entity that interposes itself between the counterparties to the contracts traded in one or more financial markets, becoming the buyer to every seller and the seller to every buyer.	
Financial Market / Rule	Beneficial ownership/interest		The entitlement ⁶ to receive some or all of the rights deriving from ownership of a security or financial instrument (e.g. income, voting rights etc).	
Financial Market / Rule	Central counterparty (CCP) link		An arrangement between two CCPs that provides central counterparty services for trades performed between the participants of the two CCPs involved, without obliging those participants to become members of both CCPs.	
Financial Market / Rule	Delivery versus delivery	DvD	A mechanism which links two securities transfers in such a way as to ensure that delivery of securities in the one transfer occurs if, and only if, securities in the other transfer are delivered.	

⁵ TBD, "order" too.

⁶ TBD?

Financial Market / Rule	Delivery versus payment	DvP	A mechanism which links a securities transfer and a funds transfer in such a way as to ensure that delivery occurs if, and only if, payment occurs.	
Financial Market / Rule	Direct holding system		An arrangement for registering ownership of securities (or similar interests) whereby each and every final investor in the security is registered by a single body, which can be the issuer itself, a CSD or a registry. In some countries the direct holding system is mandatory by law. Antonym: Indirect holding system	Système d'enregistrement
Financial Market / Rule	Free-of-payment delivery	FOP Delivery	A delivery of securities which is not linked to a corresponding payment of funds.	
Financial Market / Rule	Marking to market		The practice of revaluing securities and financial instruments using current market prices. See also Haircut, variation margin.	
Financial Market / Rule	Repurchase agreement		An arrangement ⁷ whereby an asset is sold while the seller simultaneously obtains the right and obligation to repurchase it at a specific price on a future date or on demand. Such an agreement is similar to collateralised borrowing ⁸ , with the difference that ownership of the securities is not retained by the seller.	Engagement de rachat
Financial Market / Rule	Variation margin		Profits and losses revaluated daily in open futures contracts and options and paid by, or received from, the counterparty to a bilateral trade or the clearing house involved.	
Holding	Safekeeping service		The holding of physical securities on behalf of other parties.	
Infrastructure	Market infrastructure		Generic term used to designate systems ⁹ used for the trading, clearing and settling of payments or securities.	Infrastructure
Infrastructure	Primary site		The place where systems operators locate the infrastructure and/or staff ¹⁰ necessary to run their normal daily business operations.	
Infrastructure	Secondary site		A location other than the primary site, which systems can use to resume their business operations and other functions in the event of a disaster.	
Infrastructure / Terminal	Automated teller machine	ATM	An electromechanical device that allows authorised users, typically using machine- readable plastic cards, to withdraw cash from their accounts and/or access to other services, such as balance enquiries, transfer of funds or acceptance of deposits.	Guichet ou distributeur automatique (GAB, DAB)
Infrastructure / Terminal	Cash dispenser		Electromechanical device that permits authorised users, typically using machine-readable plastic cards, to withdraw banknotes. See also Automated teller machine (ATM).	
Infrastructure / Terminal	EFTPOS terminal		Terminal which captures payment information by electronic means and transmits such information either online or offline. See also Point of sale (POS) terminal.	
Infrastructure / Terminal	Point of sale (POS) terminal		Device allowing the use of payment cards at a physical (not virtual) point of sale. The payment information is captured either manually on paper vouchers or by	

⁷ Syn Rule, Rules and procedures, Agreement, Technique.

⁸ TBD?

⁹ Var. "an occurrence of architecture, policies, operational and management activities, hardware and software, that covers a specific domain."

¹⁰ In IT staff is never referred to as part of a site !?

			electronic means. See also EFTPOS terminal.	
Money	Central Bank Money		Liabilities of a central bank that take the form of banknotes or of bank deposits at a central bank and which can be used for settlement purposes.	
Money	Commercial Bank Money- Bank money		Commercial bank liability that takes the form of deposits at a commercial bank which can be used for settlement purposes. See Loro, Nostro account	
Money	Electronic Money		A monetary value, as represented by a claim on the issuer, which is: (i) stored on an electronic device (e.g. a card, a computer) (ii) issued upon receipt of funds in an amount not less in value than the monetary value issued (iii) accepted as a means of payment by undertakings other than the issuer.	
Netting	Netting		TBD	
Netting / Rule	Advisory Netting		See Position Netting	
Netting / Rule	Bilateral netting		An arrangement between two parties to net their bilateral obligations.	
Netting / Rule	Close-out netting		A special form of netting , which follows certain contractually agreed events (such as the opening of insolvency proceedings etc), whereby all existing obligations are accelerated so to become immediately due. See also Netting, Default.	
Netting / Rule	Multilateral netting		An arrangement among three or more parties for the netting of obligations and the settling of multilateral net settlement positions.	
Netting / Rule	Netting		In the context of clearing or settlement systems, an agreed offsetting of mutual obligations by participants in a system. The process involves the calculation of net settlement positions and their legal reduction to a (bilateral or multilateral) net amount. Netting may take several legal forms. See also Bilateral netting, Multilateral netting, Position netting, Netting by novation, Unwind.	
Netting / Rule	Netting by novation		An agreement (?) where obligations from individual transfer orders are netted and replaced by new obligations. The parties to the new obligations may be the same as those to the existing obligations or, in the context of some clearing house arrangements, there may also be some substitution of parties. Antonym: Position netting.	
Netting / Rule	Novation		See Netting by novation.	
Netting / Rule	Position Netting		Netting of orders in respect of obligations between two or more parties which neither satisfies nor discharges those original individual obligations. Also referred to as "payment netting" in the case of payment orders, or "advisory netting". Antonym: Netting by novation.	
Payment	Electronic Bill Presentment and Payment, e-invoicing	EBPP	Services which enable the electronic transmission, browsing and payment of invoices.	Facturation électronique

Payment	Payment		In a strict sense, a payment is a transfer of funds which discharges an obligation on the part of a payer vis-à-vis a payee. However, in a technical or statistical sense, it is often used as a synonym for "transfer order".	
Payment / Attribute	Remote payment		A payment made from a distance, without the payer and payee being present at the same physical location. Antonym: Face-to-face payment.	
Payment / Attribute	Large-value payments		Payments which are generally for very large amounts, are exchanged mainly between banks or between participants in the financial markets, and usually require urgent and timely settlement. Antonym: Retail payment.	
Payment / Attribute	Retail payment		A non-time-critical payment of relatively low value. Typically, these payments are made outside of the financial markets and are both initiated by and made to individuals and non-financial institutions. Antonym: Large-value payments.	
Payment / Event	Mandate (for direct debits)		The authorisation ¹¹ given by the payer to the payee and/or to its own account holding institution to debit his/her account.	Mandat
Payment / Event	Refund		In the field of direct debits, a claim by the debtor for reimbursement of debits on its account (with or without specific reason raised by the debtor).	
Payment / Process	Bulk payment		See Batch.	Lot
Payment / Process	Face-to-face payment		A payment carried out between the payer and the payee in the same physical location. Antonym: Remote payment.	
Payment / Role	Acceptor		Any merchant or other entity that accepts a payment instrument presented by a client in order to transfer funds in the merchant's favour.	Acceptant
Payment / Role	Acquirer		In POS transactions: The entity (usually a credit institution) to which the acceptor (usually a merchant) transmits the information necessary to process the card payment. In ATM transactions: The entity (usually a credit institution) which makes banknotes available to the cardholder (directly or via the use of third party providers).	Collecteur
Payment / Role	Payee		See Beneficiary.	
Payment / Role	Payer		The party to a payment transaction which issues the payment order or agrees to the transfer of funds to a payee.	
Payment / Rule	Funds transfer system	FTS	A formal arrangement based on private contract or law, with multiple membership, common rules and standardised arrangements, for the transmission, clearing, netting and/or settlement of monetary obligations arising between the members. See also Interbank funds transfer system (IFTS).	
Payment / System	Interbank funds transfer system)	IFTS	A funds transfer system in which all (or almost all) participants are credit institutions.	
Payment / System	Large-value funds transfer system		A funds transfer system through which large-value and/or high priority funds transfers are made between participants in the system for their own account or on behalf of their customers. Although, as a rule, no minimum value is set for payments made in such systems, the average size of such payments is usually relatively large. Large-value funds transfer systems are sometimes known as "wholesale funds transfer	

¹¹ Defined

			systems".	
Payment / System	Retail funds transfer system		A funds transfer system which typically handles a large volume of payments of relatively low value in such forms as cheques, credit transfers, direct debits.	
Payment Instrument	Bill of exchange		A written order from one party (the drawer) to another (the drawee) to pay a specified sum on demand or on a specified date to the drawer or to a third party specified by the drawer. Widely used to finance trade and, when discounted with a financial institution, to obtain credit.	Billet à ordre (BO)
Payment Instrument	Cheque		A written order from one party (the drawer) to another (the drawee; normally a credit institution) requiring the drawee to pay a specified sum on demand to the drawer or to a third party specified by the drawer.	
Payment instrument	Credit transfer		A payment instrument allowing the payer to instruct its account-holding institution to transfer funds to the beneficiary.	Virement
Payment Instrument	Direct debit		Payment instrument for debiting a payer's payment account where a payment transaction is initiated by the payee on the basis of an authorisation given by the payer	Prélèvement (automatique)
Payment Instrument	Letter of credit	L/C	A promise by a bank or other issuer to a third party to make payment on behalf of a customer in accordance with specified conditions. Frequently used in international trade to secure the payment obligation of an importing entity.	
Payment Instrument	Mean of payment		Asset or claim on assets that is accepted by a payee as discharging a payment obligation on the part of a payer vis-à-vis the payee. See also Payment instrument.	
Payment Instrument	Money Order		An instrument used to transfer money remotely, often used in case the payer and/or the payee do(es) not have a current account with a financial institution.	
Payment Instrument	M-payment		A payment where a mobile device (e.g. phone, PDA) is used at least for initiating the payment order and also possibly for the transfer of funds.	
Payment Instrument	Payment instrument		A tool or a set of procedures enabling the transfer of funds from the payer to the payee. The payer and the payee can be one and the same person.	
Payment Instrument	Payment order		Any instruction by a payer or payee to a payment service provider requesting the execution of a payment transaction.	
Payment Instrument	Postal order		Money order in which the drawee is a postal institution.	
Payment instrument	Provisional transfer – Conditional transfer (to add)		A transfer order is provisional as long as it can be revoked by the originator or as long as it can be reversed subject to certain conditions. Antonym: Final settlement, final transfer.	
Payment Instrument	Standing order		An instruction from a customer to its bank to make a regular payment of a fixed amount to a named beneficiary.	
Payment Instrument	Transfer order		An order or ¹² message requesting the transfer of funds or securities from the debtor to the creditor.	
Payment Instrument / Card	Card (Payment card)		A device that can be used by its holder to pay for goods and services or to withdraw money.	Carte

¹² An order may be materialized as a message.

Payment Instrument / Card	Cash Card - Card with a cash function		A card which provides only a cash function. A card enabling the cardholder to withdraw cash from a cash dispenser and/or to deposit cash. The cash function is usually combined with a payment function.	Carte de paiement
Payment Instrument / Card	Charge card - Delayed debit card.		A card enabling cardholders to have their purchases charged to an account with the card issuer, up to an authorised limit. The balance in this account is then settled in full at the end of a predefined period. Also called a "charge card". z	
Payment Instrument / Card	Chip card – Smart card		A card with an embedded microprocessor (chip) loaded with the necessary information to enable payment transactions.	Carte à puce
Payment Instrument / Card	Credit Card- Card with a credit function		A credit card enables cardholders to make purchases and/or withdraw cash up to a prearranged ceiling. The credit granted may be settled in full by the end of a specified period or may be settled in part, with the balance taken as extended credit on which interest is usually charged.	Carte de crédit
Payment Instrument / Card	Debit card- Card with a debit function		A card enabling cardholders to have their purchases directly and immediately charged to their accounts, whether held with the card issuer or not. See also Card (payment card) and Delayed debit card.	
Payment Instrument / Card	Electronic purse		See Multi-purpose prepaid card.	Porte-monnaie électronique
Payment Instrument / Card	Multi-purpose prepaid card		A prepaid card which can be used at the outlets of several service providers for a wide range of purposes. See also Prepaid card.	Carte prépayée ¹³
Payment Instrument / Card	Payment card		See Card (payment card).	
Payment Instrument / Card	Prepaid card		A card on which a monetary value is stored or that enables its holder to use funds loaded in advance on a dedicated account. See also Multi- purpose prepaid card ¹⁴	
Payment Instrument / Card	Retailer card		A card issued by a merchant for use at specified merchant outlets.	
Payment Instrument / Card	Smart card		A payment card containing a chip. ¹⁵	
Payment Instrument / Card	Stored value card		See Multi-purpose prepaid card, Prepaid card.	
Payment Instrument / Card / Event	Off-line card transaction ¹⁶		A card transaction which is authorised without contacting the issuer at the time of the transaction.	
Payment Instrument / Card / Event	Online card transaction		A card transaction which is authorised after explicit approval of the issuer at the time of the transaction. Antonym: Offline card transaction.	
Payment Instrument / Card / Role	Card acquirer		See Acquirer	
Payment Instrument / Card / Role	Card issuer		The financial institution that makes payment cards available to cardholders, authorises transactions at POS terminals or ATMs and guarantees payment to the acquirer for transactions that are in conformity with the rules of the relevant scheme.	

¹³ May or may not be reloadable.

¹⁴ Merge both terms?

¹⁵ Merge?

¹⁶ Why separate them from the start?

Payment Instrument / Card / Role	Cardholder		A person to whom a payment card is issued and who is authorised to use the card.	Porteur (de carte)
Payment Instrument / Card / Role	Cardholder		A person to whom a payment card is issued and who is authorised to use the card.	
Payment Instrument / Card / Role	Card issuer		The financial institution that makes payment cards available to cardholders, authorises transactions at POS terminals or ATMs and guarantees payment to the acquirer for transactions that are in conformity with the rules of the relevant scheme.	Émetteur (de carte)
Payment Instrument / Card / Role	Card scheme		A technical and commercial arrangement set up to serve one or more card brands and which provides the organisational, legal and operational framework rules necessary for the services marketed by the brand to function. See also Three-party scheme, Four-party scheme.	
Payment Instrument / Card / Role	EMV	EMV	Acronym for the (set of) specifications developed by the consortium EMVCo which promote the new global standardisation of electronic financial transactions and in particular the global interoperability of chip cards.	
Process	Acceptance		This term has two meanings: 1) in the field of transfer systems, it refers to the inclusion of a funds or securities transfer order in the system's operations for further processing, possibly after various checks regarding - for example - technical standards or the availability of funds, as specified in the rules of the system. 2) in the field of cards, it refers to the process whereby a particular brand of card is accepted by a terminal, a merchant or any other entity.	Acceptation
Process	Confirmation		The process whereby the terms of a trade are verified either by directly involved market participants or by a central entity.	
Process	Daily processing		The complete cycle of processing tasks which needs to be completed in a typical business day, from start-of-day procedures to end-of-day procedures; sometimes includes the backing-up of data.	
Process	Multiacceptance		To be developed see Interoperability.	
Process	Multiple batch processing		See Batch	
Process	Pledge		The delivery of assets to secure the performance of an obligation by one party (the debtor) vis-à-vis another (the secured party). For the secured party, a pledge creates a security interest (lien) in the assets delivered, while leaving ownership of the assets with the debtor.	
Process	Prenotification		The advance notification provided by the creditor to the debtor in the field of direct debits as regards: (1) the amount of the next direct debit; and (2) the date of collection.	
Process	Processing		The performance of all the actions required in accordance with the rules of a system for handling a transfer order from the point of acceptance by the system to the point of discharge from the system. Processing may include clearing, sorting, netting and/or settlement.	
Process	Reconciliation		A procedure to verify that two sets of records issued by two different entities match.	
Registration	Registration		The documenting of the ownership of securities in the records of the issuer, in a registry or a CSD. ¹⁷	

¹⁷ There is more to it: see Reference Data.

Registration / Reference Data	Bank identifier code	BIC	An International Standardisation Organisation technical code that uniquely identifies a financial institution. SWIFT is the registration authority for BICs. The BIC consists of eight or eleven characters, comprising a financial institution code (four characters), a country code (two characters), a location code (two characters) and, optionally, a branch code (three characters).	
Registration / Reference Data	International bank account number	IBAN	An expanded version of the basic bank account number (BBAN), intended for use internationally, which uniquely identifies an individual account at a specific financial institution in a particular country. The IBAN also includes the bank identifier of the financial institution servicing that account.	
Registration / Reference Data	Transaction reference number	TRN	A unique reference number used to identify each payment instruction.	
Registration / Rule	Registry ¹⁸		An entity that records the ownership of securities on behalf of the issuer.	
Risk	Default		An event stipulated in an agreement as constituting a default. Generally, the failure to complete a funds or securities transfer in accordance with the terms and rules of the system. A failure to pay or deliver on the due date, breach of agreement and the opening of insolvency proceedings all constitute events of default. See also Fail, failed transaction	
Risk	Legal risk		The risk of loss on account of the unexpected application of a law or regulation, or because a contract cannot be enforced.	
Risk	Liquidity risk		The risk that a counterparty will not settle an obligation in full when due. Liquidity risk does not imply that a counterparty or participant is insolvent, since it may be able to effect the required settlement at some unspecified time thereafter.	
Risk	Principal risk		The risk that the seller of a financial asset (e.g. securities, currency) will deliver but not receive payment, or that the buyer will pay but not receive delivery. In such a situation, the full value of the securities or funds transferred is at risk. See also Delivery versus payment (DvP), Payment versus payment (PvP).	
Risk	Settlement risk		The risk that settlement in a transfer system will not take place as expected, usually owing to a party defaulting on one or more settlement obligations. This risk comprises, in particular, operational risks, credit risks and liquidity risks.	
Risk / Measure	Authentication		The methods used to verify the origin of a message or the identity of a system participant.	Authentication
Risk / Measure	Authentication ¹⁹		A process, enabling a relying party to verify two things: a) A claim about the "identity" of a person or of an other entity, b) The authority of a person or another entity, i.e. its ability to perform specific tasks or activities. Identification is communicating one's identity. Authentication is bringing supporting elements to the proof of this identity. [from D 530]	Authentication

¹⁸ Too restrictive.

¹⁹ The process of verifying the identity of a user, device, or other entity in a computer system, often as a prerequisite to granting access to resources in a system. A recipient of an authenticated message can be certain of the message's origin (its sender). Authentication is presumed to preclude the possibility that another party has impersonated the sender. (O.)

Authentication is the process of confirming a system entity's asserted identity with a specified, or understood, level of confidence [TrustInCyberspace]. (L.A.)

Risk / Measure	Authenticity		To be developed	
Risk / Measure	Authorisation		The consent given by a participant (or a third party on his behalf) in order to transfer funds or securities.	Authorisation
Risk / Measure	Authorisation ²⁰		<p>(a) A process defining what a person is actually able to do, such as access to a specific type of information or to perform a specific operation.</p> <p>(b) The process by which actual permission will be granted to the owner of a right.</p>	Habilitation / Authorisation
Risk / Measure	Authority		The right of an entity to perform specific activities.	Habilitation
Risk / Measure	Business continuity		Arrangements aimed at ensuring that a system meets agreed service levels even if one or more components of the system fail or if it is affected by an abnormal event.	
Risk / Measure	Digital certificates		<p>Data objects, issued by or on behalf of a company to its employees or other entities like contractors to allow access to information or services.</p> <p>Both information and services may be internal or external to the company (e.g., web services).</p> <p>Digital certificates are often referred to as "digital identities". This may be misleading.</p> <p>There are several types of digital certificates. Nowadays instead of a single "rich certificate" fitting for all, the preference goes to separating "identity certificates" from "role certificates". A role certificate includes "information about the rights, uses and privileges associated with the certificate" (see below authorization), and security information (like the public key of the person or the other entity to which the certificate is attached).</p> <p>Such a certificate may be the sub-product of a corporate identity management system, to be used within the company perimeter, for specific applications or beyond. It may be provided by business partners in a specific business environment (like supply chain, treasury services).</p>	
Risk / Measure	Digital Signature		To be developed	Signature numérique
Risk / Measure	Electronic Signature		A string of data, generated by a cryptographic method, which is attached to a message in order to ensure its authenticity and protect the recipient against repudiation by the sender.	Signature électronique
Risk / Measure	Identification		<p>(a) The process by which an identity is given and registered.</p> <p>(b) The "visualization" of an identity, i.e. the process by which the qualifiers of an entity's properties are displayed.</p> <p>An identity may or may not be "authenticated".</p>	Identification
Risk / Measure	Identifier		A set of data elements that distinguish an identity from other identities. Therefore, an identifier is a signifier for an identity. Examples of identifiers are name, social security number, tax number, username, IP-address.	

²⁰ Permission given to a user, program, or process to access an object or set of objects. In a modern computer application, authorization is done through the role mechanism. A single person or a group of people can be granted a role or a group of roles. A role, in turn, can be granted other roles. The set of privileges available to an authenticated entity. (O.)

The process of determining, by evaluating applicable access control information, whether a subject is allowed to have the specified types of access to a particular resource. Usually, authorization is in the context of authentication. Once a subject is authenticated, it may be authorized to perform different types of access [SAML Gloss]. (L.A.)

The granting of permission on the basis of authenticated identification. H.235 (03), 3.3 (ITU)

The act of determining if a particular privilege, such as access to telecommunications resource, can be granted to the presenter of a particular credential. J.260 (05), 3.3; Y.1271 (04), 4.3 (ITU)

Risk / Measure	Identifier ²¹		A character or a group of characters used to identify or to designate data and, possibly, to specify some of its properties (ISO 2382/IV). With regard to persons, we could use the word "credentials" instead of properties.	
Risk / Measure	Identity		The set of properties of an entity that allows the entity to be distinguished from other entities. An entity can be a person, a legal entity (e.g., a corporation) or an object (e.g., a machine).	Identité
Risk / Measure	Identity ²²		A set of elements, which will enable a relying party to recognize a physical person or a legal entity and to differentiate it from another similar entity. It is often synonymous to "identifier".	
Risk / Measure	Identity Life-Cycle		Composes the processes that relate to a) The management of that identity (e.g. issuance, maintenance, revocation), and b) Its consumption (e.g. identification, authentication, authorization).	
Risk / Measure	Integrity		To be developed	
Risk / Measure	Integrity		In the context of data, the quality of being protected against accidental or fraudulent alteration in transmission or in storage. Alternatively, the quality of indicating whether or not alteration has occurred.	
Risk / Measure	Lamfalussy standards (minimum standards of the Lamfalussy report)		The six minimum standards for the design and operation of cross-border and multi-currency netting schemes or systems. For details, see the "Report of the Committee on Interbank Netting Schemes of the central banks of the Group of Ten countries (Lamfalussy Report)", BIS, November 1990. See also Core Principles for Systemically Important Payment Systems (CPSIPS).	
Risk / Measure	Personal Identification Number (PIN)		A personal and confidential numerical code which the user of a payment instrument may need to use to verify its identity. In electronic transactions, it is seen as the equivalent of a signature. ²³	
Risk / Measure	Relying Party		A relying party is an entity that will rely on the identity and authority of an entity to allow them to perform certain activities (e.g., access to services).	
Risk / Measure	Two-Factor Authentication		The methods used to verify the origin of a message or the identity of a system participant in which...	Authentification à deux facteurs
Role	Beneficiary		The recipient of funds or securities. Depending on the context, it can be a direct participant in a payment system, as well as the final recipient. Also sometimes called a "payee".	Bénéficiaire
Role	Credit institution		(i) An undertaking whose business is to receive deposits or other repayable funds from the public and to grant credits for its own account, or (ii) an electronic money institution within the meaning of EU law.	Établissement de crédit
Role	Electronic Money	ELMI	A term used in EU legislation to designate credit institutions which are governed by a simplified regulatory	

²¹ However the word "credential" or "credentials" also designate the actual support bearing the information, like a smart card or a passport with a travel visa: "please give me your credentials".

²² (1) An *identity* is a set of information that is attributable to a given *entity*. [Source: *Wikipedia on Digital Identity*.] (2) *Identity* is a presentation or *role* of an *entity*. [Source: *Roger Clarke*.] (3) a set of claims made by one *entity* about itself or another *entity*. [Source: *Kim Cameron*.] (4) An *identity* is the set of the properties of an *entity* that allows the *entity* to be distinguished from other *entities*. Identities are owned by their *entities*. Identities have several key attributes, including: *anonymity*, *strength*, owning *entity*. (R)

²³ No!!!!

	Institution		regime because their activity is limited to the issue of electronic money and the provision of financial and non-financial services closely related to the issue of electronic money.	
Role	Investment firm		Any entity whose regular occupation or business is the provision of one or more investment services to third parties and/or the performance of one or more investment activities on a professional basis.	
Role	Money Remitter		A payment service provider that accepts funds from a payer for the purpose of making them available to a payee, without necessarily maintaining an account relationship with the payer or payee.	
Role	Nominee		A person or entity named by another to act on its behalf. A nominee is commonly used in a securities transaction to obtain registration and legal ownership of a security.	
Role	Oversight		Oversight of payment systems is a typical central bank function whereby the objectives of safety and efficiency are promoted by monitoring existing and planned systems, assessing them against the applicable standards and principles, whenever possible, and, where necessary, inducing change. The concept is increasingly used also for securities clearing and settlement systems.	
Role	Principal		An entity that acts on its own behalf, with its own funds and at its own risk. Antonym: Agent.	Ordonnateur
Role / Attribute	Reachability		A credit institution is "reachable" if it can execute a credit transfer order and/or a direct debit instruction sent by any other bank in a particular currency area.	
Role / System	Indirect participant		A participant in a funds or securities transfer system with tiering arrangement using a direct participant as intermediary to perform some of the activities allowed in the system (particularly settlement). See also Tiering arrangement.	
Rue	MiFID		<i>To be developed</i>	
Rule	Agency relationship		A contractual relationship whereby one party, the agent, acts on behalf of another party, the principal.	Délégation
Rule	Cap		Quantitative limit on the funds or securities transfer activity of participants in a system; limits may be set by each participant or imposed by the body managing the system. Limits can be placed on the net debit position and/or net credit position of system participants. Also called a "limit".	
Rule	Committed facility		Facilities (e.g. credit lines or repo facilities) whereby the provider is contractually committed to advance funds in specified circumstances. See also Collateral pool, Loss-sharing agreement.	
Rule	Core Principles for Systemically Important Payment Systems	CPSI PS	International standards for systemically important payment systems developed by the G10 central banks as guidance for the oversight activities of central banks with regard to payment systems of systemic importance. For details, see the report entitled "Core Principles for Systemically Important Payment Systems", BIS, January 2001.	
Rule	Deposit facility		A standing facility of the Eurosystem which counterparties may use to make overnight deposits at a national central bank and which are remunerated at a pre-specified interest rate. See standing facility	Nantissement

Rule	Four-party scheme		Card scheme ²⁴ where the stakeholders involved are 1) the issuer, 2) the acquirer, 3) the cardholder and 4) the card acceptor (in the case of ATM transactions, it is usually the acquirer that offers his services via the ATM). This compares to a three-party scheme where the issuer and the acquirer are always the same entity.	
Rule	Governance		Procedures through which the objectives of a legal entity are set, the means of achieving them are identified and the performance of the entity is measured. This refers, in particular, to the set of relationships between the entity's owners, board of directors, management, users, regulators and other stakeholders that influence these outcomes.	Gouvernance
Rule	Net credit cap		A limit placed on the credit exposure which a participant is allowed, or willing, to run vis-à-vis the other participants or a participant in the system as a result of sending/receiving payments which have not been settled. See also Cap.	
Rule	Non-repudiation		Mechanisms providing evidence both of the identity ²⁵ of the sender of a payment message and of the integrity of that message. These are sufficient to prevent the sender of the message from successfully denying the submission of the payment message or the integrity of its contents.	
Rule	Payment versus payment	PvP	A mechanism which ensures that the final transfer of a payment in one currency occurs if and only if the final transfer of a payment in another currency or currencies takes place. See also Exchange-for-value settlement system.	
Rule	Queue Management		Rules and procedures that determine the order in which transfer orders are released from the queue and processed, e.g. first in first out (FIFO). Optimisation routines may or may not be used. See also Queuing, Optimisation routine.	
Rule	Queuing		An arrangement whereby transfer orders are held in a queue by the sending participant or by the system until they can be processed according to the rules of the system. In an RTGS system, payments are typically "queued" because of a lack of funds or insufficient access to intraday credit. In netting systems, payments are "queued" in order to prevent caps from being exceeded. See also Cap.	
Rule	Same-day funds		Funds which the recipient is entitled to transfer or withdraw from an account on the day of receipt. See also Intraday liquidity.	
Rule	Single Euro Payments Area	SEPA	A process initiated by European banks supported by the Eurosystem and the European Commission, in order to integrate retail payment systems, in view of transforming the euro area in a true domestic market for the payment industry.	
Rule	Three-party scheme		Card scheme involving the following stakeholders: (1) the card scheme itself, acting as issuer and acquirer; (2) the cardholder; and (3) the accepting party. This compares to a four-party scheme where the issuer and the acquirer are separate entities and are also separate from the card scheme itself. See also Card scheme, Four-party scheme.	

²⁴ May apply to any payment mean.

²⁵ NO!!!

Rule	Tiering arrangement		An arrangement whereby indirect participants in a system require the services of direct participants in order to carry out their transactions. See also Indirect participant, Settling participant (settling member, settlement bank).	
Rule / Credit	Daylight credit		See Daylight Credit	
Rule / Credit	Intraday credit		Credit extended and reimbursed within a single business day. Also called "daylight credit".	
Rule / Credit	Intraday liquidity		Funds which are available or can be borrowed during the business day in order to enable financial institutions to effect payments/settlements. Repayment of the borrowed funds should take place before the end of the business day. See also Intraday credit, Same-day funds.	
Rule / Credit	Marginal lending facility		A standing facility of the Eurosystem which counterparties may use to receive overnight credit from a national central bank at a pre-specified interest rate against eligible assets. See also Standing facility.	
Rule / Credit	Standing facility		A central bank credit facility available to counterparties at their own initiative. The Eurosystem offers two overnight standing facilities: the marginal lending facility and the deposit facility.	
Rule / Fee	Initial margin		In the securities clearing and settlement field, minimum percentage of the purchase price that a client is required to pay for with his or her own cash or acceptable securities to his/her broker before the client can trade. For futures contracts, the initial margin is calculated based on a formula set by a central counterparty.	
Rule / Fee	Interchange fee		Transaction fee payable between the payment services providers involved in a transaction.	
Rule / Fee	Merchant Service Charge	MSC	A fee paid by the acceptor/merchant to the acquirer.	
Rule / Risk	"Survivors pay"		A loss-sharing arrangement which, in the event of a participant's inability to settle, requires losses to be borne by the other (non-defaulting) participants in accordance with a predetermined formula. Antonym: "Defaulter pays".	
Rule / Risk	Defaulter pays		A loss-sharing arrangement whereby each participant is required to collateralise any exposures it creates for other participants. As a result, losses resulting from a party's default are borne by the defaulting party. Antonym: "Survivors pay".	
Rule / Risk	Haircut		A risk control measure applied to underlying assets implying that the value of underlying assets is calculated as the market value of the assets reduced by a certain percentage (haircut). Haircuts are applied by the collateral taker in order to protect itself from losses owing to declines in the market value of the security in case it should need to liquidate the collateral.	
Rule / Risk	Loss-sharing agreement		An agreement among participants in a clearing or settlement system regarding the allocation of any losses arising from the default of a participant in the system or of the system itself.	
Rule / Risk	Loss-sharing pool		See Clearing fund, Collateral pool.	
Rule / Risk	Loss-sharing rule		The rule or formula stipulating the way in which losses arising from the default of a participant in the system or of the system itself are to be shared among the parties in	

			the event that a loss-sharing agreement is activated. See Loss-sharing agreement.	
Rule / Risk	Reserve requirement		The minimum amount of reserves a credit institution is required to hold with the Eurosystem. Compliance is determined on the basis of the average of the daily balances over an maintenance period.	
Rule / System	Interoperability		The set of arrangements/procedures that allows participants in different systems to exchange and settle payments or securities transactions.	Interopérabilité
Rule / System	Interoperability / Portability / Multiacceptance		<p>Interoperability is mostly understood by experts as technical interoperability when others include everything in it like organizational and legal issues. It is not because your neighbour's sockets are compatible with your shaver or mobile that you are authorized to use them. Technical interoperability is a prerequisite for full operational interoperability.</p> <p>For example, an identity is interoperable if it can be read and interpreted by the party who receives it. It does not prejudice of what the receiving party will do with it, that is if it will authorize the person to use its services.</p> <p>This technical view may define the core of interoperability. NB There are "views" of interoperability, which we might actually qualify with other words like:</p> <ul style="list-style-type: none"> - portability. An identity is portable if issued by or on behalf of entity X it is used by entity Y. Portability is possible if entity Y trusts the identity issued by entity X. Such trust may originate from a registry or a repository of certificates, based on an evaluation framework shared by entity X and Y. Such registries or repositories are put in place by local governments or business communities. This is a key issue for the IDWG; - multi-acceptance (Mutual recognition of certificates ref. Doc. Groupe des 5). The same identity is used along a sequence of different applications across company boundaries. <p>Again there are many degrees of multi-acceptance, some of which are within the scope of the IDWG like mutual authentication or digital signature, some of which are not. Defining a general framework for the management of roles, rights, credentials etc. in any B2B application is beyond our scope.</p>	Interopérabilité / Portabilité / Multiacceptation
Rule / Credit	Credit line		A commitment to grant credit on demand that one entity has given to another entity in advance on agreed terms.	Ligne de crédit
Rule or Process	Chaining		<p>A method used in certain transfer systems for processing orders. It involves altering the sequence in which transfer orders are processed in order to increase the number or value of transfers that may be settled with available funds and/or securities balances (or available credit or securities lending lines).</p> <p>See also Optimisation routine.</p>	
Rule or Process	Straight-through processing	STP	The automated end-to-end processing of trades/payment transfers, including, where relevant, the automated completion of confirmation, matching, generation, clearing and settlement of orders.	
Rule or System	Payment system		<p>This expression has two meanings. In some cases, it refers to the set of instruments, banking procedures and interbank funds transfer systems which facilitate the circulation of money in a country or in a currency area.</p> <p>In most cases the expression is used as a synonym of funds transfer system.</p>	

			See also Funds transfer system (FTS).	
Rule or System	Transfer system		A set of legal, technical and procedural arrangements which concern the transfer of assets such as money or securities.	
Service	Brand		The identity of a particular payment product (especially card) that has been licensed by the owner of the brand for use in a given territory.	Marque
Service	Co-branding		<i>To be developed</i>	Co-marquage
Service	Home banking		Banking services which retail customers of credit institutions can access using various kinds of telecommunication device, such as telephones, mobile phones, television sets, terminals or personal computers.	
Service ²⁶	Bill Presentment and Payment, invoicing	BPP	Services which enable the transmission, browsing and payment of invoices.	Facturation
Settlement	Payment lag		See Settlement lag	
Settlement	Settlement		The completion of a transaction or of processing in a transfer system, such that participants meet their obligations through the transfer of securities and/or funds. A settlement may be final or provisional. With the exception of a zero net balance, settlement requires the opening of accounts by competent institutions (see settlement account). See also Final settlement, final transfer; Provisional settlement; Gross settlement; Net settlement.	
Settlement / Rule	Correspondent banking		An arrangement whereby one bank (the settlement or service-providing bank) makes or receives payments (and possibly performs other banking services) on behalf of another bank (customer or user bank). See also Loro account, Nostro account, Tiering arrangement.	
Settlement / Attribute	Cross-border settlement		Settlement that takes place in a country other than the country in which one or both parties to the transaction are located. Antonym : Domestic settlement.	Règlement
Settlement / Attribute	Domestic Settlement		A settlement which takes place in the country (or in the currency area) in which both parties to the transaction are located. Antonym: Cross-border settlement	
Settlement / Event	Settlement failure		The inability of a participant to meet its settlement obligations in a system. This inability may be temporary or permanent. See also Fail, failed transaction; Default.	
Settlement / Process	Internal Settlement		Settlement that is effected through transfers of securities and/or funds on the books of a bank or investment firm, as opposed to settlement via an interbank funds transfer system or a CSD.	
Settlement / Process	Matching		The process used for comparing the settlement details provided by the buyer and the seller of securities or financial instruments in order to ensure that they agree on the terms of the transaction.	
Settlement / Process	Settlement day (or date)		The day on which settlement actually takes place.	
Settlement / Process	Unwind		The process of recalculating obligations in some net settlement systems where transfers between the accounts of participants are provisional until all of them	

²⁶ Also stands for product.

			have finally discharged their settlement obligations. If a participant fails to settle, some or all of the provisional transfers involving that participant are deleted from the system and the settlement obligations of the remaining participants are recalculated. See zero hour rule.	
Settlement / Risk	Counterparty risk		The risk that between the time of the agreement on a transaction and the time of actual settlement the counterparty to the transaction fails to fulfil its obligations.	
Settlement / Risk	Cross-currency settlement risk		See Foreign exchange settlement risk.	
Settlement / Risk	Foreign exchange settlement risk		The risk that one party to a foreign exchange transaction will pay the currency it sold but not receive the currency it bought. This is a form of principal risk, which is also called cross-currency settlement risk. See also Principal risk, Payment versus payment (PvP).	
Settlement / Risk	Replacement cost risk		The risk that, owing to a counterparty to a transaction failing to meet its obligation on the settlement date, the other counterparty to the trade may have to replace, at current market prices, the original transaction ("replacement cost"). Also called "market risk" or "price risk".	
Settlement / Role	Cash settlement agent		The entity whose assets or liabilities are used to settle the payment obligations arising from funds transfer systems or from securities transfers within a CSD. Commercial banks, central banks and CSDs can act as cash settlement agents.	
Settlement / Role	Settling participant (settling member, settlement bank)		A participant which maintains one or more accounts with a settlement agent in order to settle funds or securities transfers on its own behalf or, potentially, for other market participants. See also Tiering arrangement, Settlement agent (settlement institution).	
Settlement / Rule	Bilateral net settlement system		A settlement system in which participants' bilateral net settlement positions are settled between every bilateral combination of participants.	
Settlement / Rule	Cross-Settlement		Settlement of a trade through a link between two separate payment systems securities settlement systems.	
Settlement / Rule	Cut-off time		The deadline defined by a system (or an agent bank) to accept transfer orders for a defined settlement cycle.	
Settlement / Rule	Deferred net settlement system		A system which settles on a net basis at the end of a predefined settlement cycle (typically at the end of, but sometimes during, the business day).	
Settlement / Rule	Final settlement, final transfer ²⁷		A settlement or a transfer is final when it is unconditional, enforceable and irrevocable, even in the framework of insolvency proceedings against a participant (except in case of criminal offences or fraudulent acts, as decided by a competent court). In the European context, it can be distinguished between: <ul style="list-style-type: none"> - the enforceability of a transfer order which is binding on third parties and protected from insolvency risks, provided that the transfer order was entered into the system, as defined by the rules of that system, before the opening of insolvency proceedings (transfer orders entered into a system after the moment of opening of insolvency proceedings are legally enforceable only in exceptional circumstances); and - the irrevocability of a transfer order which 	

²⁷ Distinguer SVP

			cannot be revoked by the participant from the moment defined by the rules of that system. A reference may also be made to the finality of transfer, whereby entitlement to the asset (be it cash or securities) is legally transferred to the receiving entity	
Settlement / Rule	Gross Settlement		The settlement of transfer orders one by one.	
Settlement / Rule	Intraday finality		Final settlement achieved continuously or at several times during the settlement day. Intraday finality can be provided through real-time settlement procedures and/or the settlement of the results of batch processing during the settlement day.	
Settlement / Rule	Net settlement		The settlement of transfer orders on a net basis.	
Settlement / Rule	Provisional settlement		The discharging of an obligation by means of a transfer of funds and/or a transfer of securities which is dependent on the fulfilment of certain conditions and can therefore be rescinded by one or more parties. See also Settlement. Antonym: Final settlement, final transfer.	
Settlement / Rule	Settlement asset		Assets or claims on assets that are accepted by the beneficiary to discharge a payment obligation.	
Settlement / Rule	Settlement cycle		In the field of securities, the time period that elapses between the trade date and the settlement date. It is also referred to as "settlement interval".	
Settlement / Rule	Settlement interval		See Settlement cycle.	
Settlement / Rule	Settlement lag		In a transfer system, the time lag between the acceptance of the transfer order by the system and its final settlement. In an exchange-for-value system, the time lag between entering into a trade/bargain and the final exchange of a financial asset for payment.	
Settlement / Rule	Settlement obligation		The requirement, as a result of the settlement process, that a settlement system participant effect payment or deliver assets.	
Settlement / Rule	Zero-hour rule		A provision in the insolvency law of some countries whereby the transactions of an insolvent institution that have taken place after midnight on the date the institution is declared insolvent are automatically ineffective by operation of law. See also Unwind.	
Settlement / Rule or Process	Optimisation routine		A procedure to determine the order in which transfer orders are to be processed and settled in a transfer system in order to increase settlement efficiency. See also Queue management, Chaining.	
Settlement / System	Exchange-for-value settlement system		A general term to refer to systems which simultaneously exchange the two assets involved in a foreign exchange transaction or in a securities transaction. See also Delivery versus delivery (DvD), Delivery versus payment (DvP), Payment versus payment (PvP).	
Settlement / System	Gross settlement system		A transfer system in which transfer orders are settled one by one. See also Real-time gross settlement (RTGS) system.	
Settlement / System	Multilateral net settlement system		A settlement system in which each settling participant settles its multilateral net settlement position (typically by means of a single payment or receipt). See also Multilateral netting, Net settlement system.	
Settlement / System	Securities settlement system (SSS)	SSS	A system which permits the transfer of securities, either free of payment (FOP) or against payment (delivery versus payment)	
Settlement /	Settlement		A system used to facilitate the settlement of transfers of	

System	system		funds, assets or financial instruments. See also Funds transfer system, Securities settlement system	
Settlement / System	Net settlement system		A funds or securities transfer system which settles net settlement positions during one or more discrete periods, usually at pre-specified times during the business day.	
Settlement / Role	Settlement agent (settlement institution)		The institution across whose books transfers between participants take place in order to achieve settlement within a settlement system. See also Bilateral net settlement system, Multilateral net settlement system, Settling participant (settling member, settlement bank).	
Settlement / Rule	Contractual settlement date accounting		A contractual commitment by a custodian to credit and debit a customer's cash and securities accounts, as appropriate, on the date on which the customer's contract with its counterparty is due for settlement (the contractual settlement date), regardless of whether settlement has actually occurred. Such crediting and debiting is normally provisional and does not become final if settlement does not occur within an interval established by the custodian.	
Settlement / Rule or Process	Scheduling		Technique for managing payment queues by determining the order in which payments are accepted for settlement. See also Queuing.	
Settlement / System	Real-time gross settlement system		A settlement system in which processing and settlement takes place on a transaction-by-transaction basis in real time.	
System	Ancillary system		A system in which payments or securities are exchanged and/or cleared, while the ensuing monetary obligations are settled in another system, typically an RTGS system.	Système auxiliaire
System	Backup system		A system designed to replace the primary system in case the latter cannot function for whatever reason. See also Business continuity.	Système de secours
System	Batch		A group of orders (payment orders and/or securities transfer orders) to be processed together.	
System	Hybrid system		A system that combines characteristics of RTGS systems (e.g. the continuous processing and clearing of transfer orders) and net settlement systems (e.g. several settlement cycles per day, some form of netting procedure for transfer orders).	
System	Remote access		Direct access by an institution established in one country to a system (e.g. payment system, securities settlement system or CCP) established in another country.	
System	Wholesale funds transfer system		See Large-value funds transfer system.	
System / Event	Gridlock		A situation that can arise in a funds or securities transfer system in which the failure to execute one or more transfer orders prevents the execution of a substantial number of orders from other participants. See also Queuing, Systemic risk.	
System / Risk	Operational risk		The risk that deficiencies in information systems or internal controls, human error or management failures will result in unexpected losses (internal and external events).	
System / Risk	Systemic risk		The risk that the inability of one participant to meet its obligations in a system will cause other participants to be unable to meet their obligations when due, with possible spillover effects such as significant liquidity or credit problems that may threaten the stability of or confidence in the financial system. The inability can be caused by	

			operational or financial problems.	
System / Risk	Systemically important payment system	SIPS	A payment system which has the potential to trigger systemic risks, in the event of it being insufficiently protected against the risks to which it is potentially exposed.	
System / Role	Designated system		A system governed by the law of an EEA member state and designated to the European Commission by the competent national authorities in accordance with Directive 98/26/EC of the European Parliament and of the Council of 19 May 1998 on settlement finality in payment and securities settlement systems.	
System / Role	Direct participant		A participant in a system that can perform all activities allowed in the system without using an intermediary, including in particular the direct input of orders in the system and the performance of settlement operations. Antonym: Indirect participant.	
System / Role	Member		A participant in a system which also owns a stake in the system.	
System / Role	Participant		An entity which is identified/recognised by the transfer system and which is allowed to send, and is capable of receiving, transfer orders to/from the system, either directly or indirectly. See also Direct participant, Indirect participant, Remote participant.	
System / Role	Remote participant		A participant in a system which operates from a country ²⁸ other than the country in which the system is located.	
System / Rule	Exit criteria		Criteria for an existing participant in a system to cease participation. Exit may be voluntary or compulsory (e.g. following the opening of insolvency proceedings).	
System / Rule	Limit		See Cap.	

CONCLUSION – NEXT STEP

The ECB team may use freely my comments & tables. The ontology diagrams are part of a more global research. This is work in progress.

This work currently relies on a specific tool kindly provided by colleagues from the Université de Savoie and Ontologos, a small software and consulting firm specialised in ontologies. There are somewhat similar tool freely accessible. However they are just mind mapping tools while this one is from a linguistic point of view the most powerful tool I know.

I hope this contribution, although incomplete, will be of some use to the ECB team working on the GLOSSARY. I intend to use it myself as a validation for this kind of approach in other projects. There is not better way to improve such an approach than to test it in various contexts. The GLOSSARY was one of them.

²⁸ Why country?