

T2/T2S CONSOLIDATION

GLOSSARY

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Term	Definition	Acronym	Source ¹
2-eyes principle	See Two-eyes principle.		New
4CB	The Deutsche Bundesbank, the Banco de España, the Banque de France and the Banca d'Italia, collectively, in their capacity as the national central banks Central Banks responsible for building, maintaining and running the single shared platform, in accordance with the relevant contractual arrangements and with decisions of the ECB's Governing Council.		T2S
4CB network	The 4CB network is the common internal technical network used by the providers of the Market Infrastructure Services.		New
4-eyes principle	See Four-eyes principle.		T2S
A2A	See Application-to-Application.		T2S
Account Monitoring Group	An optional clustering of Accounts accounts for Liquidity purposes, e.g. consolidated liquidity monitoring, Whitelist, Liquidity Management purposes.		New
ACH	See Automated Clearing House.		PCSS
Actor	Any entity interacting with the RTGS system.		New

¹ In general definitions are taken from the sources provided in this column. Where small variations to the original text have been made, the source is marked with “*”.

Term	Definition	Acronym	Source ¹
Act on behalf	Corresponds to the situation when a participant has been granted the authority to perform actions on behalf of one or more other account holders.		T2
Adjustment balance	End of day balance of the last business day which is necessary to fulfil minimum reserve under the condition that all following end of day balances are exactly the minimum reserve.		T2
Algorithm	An algorithm is a mathematical method to provide a smooth, fast and liquidity saving resolution of the payment queue, for example by taking offsetting payment flows into account.		T2
Ancillary System	<p>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.</p> <p>Ancillary systemsSystems are e.g.:</p> <ul style="list-style-type: none"> –retail payment systems (RS) –large value payment systems (LVPS) –foreign exchange (FX) systems –money market systems –clearing houses –securities settlement systems (SSS) 	AS	T2
Application-to-Application	A connectivity mode that enables the exchange of information between the application of the service provider and the software application(s) of the actors.	A2A	T2S
AS	see See Ancillary System.		T2

Term	Definition	Acronym	Source ¹
AS technical account	Technical account offered in the RTGS Settlement Service for ancillary systems settlement		T2
Associated Liquidity Transfer Account	Describes the one-to-one relationship between an MCA and a DCA established for the liquidity drawing mechanism.		New
Authentication	The methods used to verify the origin of a message or to verify the identity of a participant connected to a system and to confirm that a message has not been modified or replaced in transit.		T2
Automated Clearing House	An electronic clearing system in which payment orders are exchanged among participants (primarily via electronic media) and handled by a data-processing centre.	ACH	PCSS
Availability	The ability of a configuration item or an IT service to perform its agreed function when required.		T2S
Available Liquidity	Credit balance on the account plus collateralised credit line for overdraft (if available).		T2

Term	Definition	Acronym	Source ¹
<p>Backup payments</p>	<p>In the event of a technical system outage a direct participant (affected participant) may lose its ability to send payments to and receive payments from the RTGS.</p> <p>Such a breakdown may result in:</p> <ol style="list-style-type: none"> 1. Pay-in obligations in other systems (e.g. CLS) not being met; 2. Liquidity being built up in the affected participant's RTGS account, if other RTGS participants had already submitted or continue to submit payments in favour of the affected participant. <p>In order to give the affected participant the possibility to reduce the business impact of the technical failure, functionality is offered to generate payments via USAU2A, the so-called backup payments functionality. The usage is optional and the functionality is blocked by default. It can only be used once the National Service Desk on request of the affected participant has authorised this.</p> <p>Two categories of backup payments exist:</p> <ol style="list-style-type: none"> 1. The backup contingency payments to predefined systems (CLS and EURO1) 2. The more flexible backup liquidity redistribution payments to other direct TARGET2 participants <p>Additionally, in case of contingency, the responsible CB can connect and submit payments on behalf of the participant.</p>		<p>T2</p>

Term	Definition	Acronym	Source ¹
Back Value Payment	A Payment that has been instructed with a Value Date in the past. This can only be done when the Value Date check is switched off. Only Central Banks have the ability to switch off the Value Date check for subsequent messages and this then applies to all system users.		New
BAH	See Business Application Header.		T2S
Banking Group	An entity allowing a number of Parties acting as participants to be viewed collectively for certain business purposes, such as oversight and regulation.		New
BCM	See Business Continuity Management.		CCMB2
Beneficiary	A recipient of funds (payee) or securities. Depending on the context, a beneficiary can be a direct participant in a payment system and/or a final recipient.		T2S
BIC	See Business Identifier Code.		T2S
BIC directory	Directory published by SWIFT, part of SWIFTRef. It contains the business identifier codes (BIC) that SWIFT has registered according to the ISO 9362 standard, and the names and addresses of the corresponding entities.		T2
BIC11	In addition to the first 8 characters of the BIC, an optional branch code of 3 characters is used to identify any branch or reference of an institution.		T2

Term	Definition	Acronym	Source ¹
Broadcast	Information message simultaneously available to all or a selected group of SSP participants.		T2
Bug	See Defect.		T2S
Bug fix	A change in the software that remedies one or more defects.		T2S
Bug fix release	The release of a new software version that remedies one or more known defects.		T2S
Business Application Header	The message envelope for business application data that determines which business application the data are routed to and identifies the type of content.	BAH	T2S
Business continuity	A state of uninterrupted business operations. This term also refers to all of the organisational, technical and staffing measures employed in order to 1) ensure the continuation of core business activities, e.g. critical business functions, in the immediate aftermath of a crisis; and 2) gradually ensure the continued operation of all business activities in the event of sustained and severe disruption.		T2S
Business Continuity Management	Activity performed by an organization to ensure that critical business functions will be available to customers, suppliers, regulators, and other entities that must have access to those functions.	BCM	CCBM2
Business continuity testing	Tests with the objective of verifying the efficiency of business continuity procedures.		T2S

Term	Definition	Acronym	Source ¹
Business day	The business day comprises and defines the opening times and specific phases per service <u>Service</u> .		T2*
Business Identifier Code	Identification of financial or non-financial institutions within the financial services industry according to the International Organization for Standardization (ISO) Standard 9362.	BIC	T2S
<u>Business Monitoring</u>	<u>Requirements for the processes necessary for CBs to monitor their activity, including monitoring of minimum reserves.</u>		<u>New</u>
Bypass FIFO	See FIFO by-passing.		New
CB	See Central Bank.		T2
CBO	See Central Bank Operations.		New
CBS	See Central Bank Services.		New
CCP	See Central Counterparty.		T2
Ceiling	An upper threshold of an account balance defined by the participant for initiating a service-specific action.		New

Term	Definition	Acronym	Source ¹
Central Bank	<p>Central Banks refers to:</p> <ul style="list-style-type: none"> - “Eurosysteem CB” being the ECB or the national central bank (NCB) <u>Central Bank</u> of an EU Member State that has adopted the euro, or - “connected CB” being a national central bank (NCB) <u>Central Bank</u>, other than a Eurosystem CB, which is connected to the RTGS. <p>“Eurosysteem CB” means the ECB or the NCB <u>CB</u> of a Member State that has adopted the euro, pursuant to a specific agreement.</p>	CB	T2
<u>Central Bank (CB) Account</u>	<u>A cash account in each settlement Service, hold by a Central Bank of issue and that is allowed to have negative balance and cannot be restricted or limited in its use.</u>		<u>New</u>
Central Bank Operations	Operations initiated <u>carried out</u> by central banks <u>Central Banks</u> in their capacity as central bank <u>Central Bank</u> of issue <u>with their Parties</u> , e.g. monetary policy operations, changes of the credit line, <u>Standing Facilities, etc.</u>	CBO	New
Central Bank Services	Business service <u>Service</u> managing central bank operations <u>Central Bank Operations</u> and <u>participants</u> meeting monetary policy requirements.	CBS	New
Central Counterparty	An entity that interposes itself between the counterparties to the contracts traded in one or more financial markets, becoming buyer to every seller and the seller to every buyer.	CCP	PCSS
Central European Time	It's a standard time which is 1 hour ahead of Coordinated Universal Time (UTC).	CET	T2

Term	Definition	Acronym	Source ¹
Central Liquidity Management	Business Service managing and showing funds and credit lines for direct participants as well as cash withdrawals and central bank <u>Central Bank</u> operations.	CLM	New
Central Securities Depository	An entity, which holds and administrates securities and enables securities transactions to be processed by book entry. Securities can be held in a physical but immobilised or dematerialised form (ie so that they exist only as electronic records). In addition to safekeeping and administration of securities, a central securities depository <u>Central Securities Depository</u> may incorporate clearing and settlement and assets servicing functions.	CSD	T2
Certification testing	Tests with the objective of providing evidence that a party can interact with the SSP technically without a negative impact on the Market Infrastructure Services.		T2S*
CET	See Central European Time.		T2
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.		PCSS

Term	Definition	Acronym	Source ¹
Clearing house	A central entity (or central 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 Central Counterparty for the participants and therefore assume significant financial risks.		PCSS
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.		PCSS
CLM	see See Central Liquidity Management .		New
Closed User Group	A subset of parties grouped by the network service provider for their technical access to the relevant services in the Market Infrastructure Services.	CUG	T2*
Closing day	Any day which is not a TARGET opening day.		T2S*
CLS	See Continuous Linked Settlement .		T2
Collateral	An asset or third-party commitment that is used by the collateral provider to secure an obligation vis-à-vis the collateral taker.		PCSS

Term	Definition	Acronym	Source ¹
Collateral manager	A system managed by the central bank <u>Central Bank</u> or by a third party (on behalf of the central bank <u>Central Bank</u>) that interacts with the CLM in order to manage the intraday credit line on the MCA and the access to the standing facilities.		T2*
Collateral pool	A collateralisation technique that enables institutions to deposit their available collateral in one account in order to obtain credit from a counterparty.		PCSS
Common Reference Data Management	Business service managing centrally the reference data for all services connected to the single shared platform.	CRDM	New
Connected payment	Payments by a central bank <u>Central Bank</u> or an ancillary system <u>Ancillary System</u> to a participant that trigger a change in the credit line of this participant and an immediate debit/credit of its account to compensate the change in this credit line.		T2
Contingency services	Common mandatory tool for the management of the emergency situations.		New
Continuous Linked Settlement	Payment-versus-payment (PvP) mechanism offered by CLS Bank, meaning that a foreign exchange operation is settled only if both counterparties simultaneously have an adequate position in the currency they are selling.	CLS	
Continuous Linked Settlement Bank	CLS Bank provides global multicurrency settlement services for foreign exchange transactions, using the CLS mechanism.		T2*

Term	Definition	Acronym	Source ¹
Coordinated Universal Time	The primary time standard by which the world regulates clocks and time.	UTC	T2
COT	See <u>Cut-off time</u> .		PCSS
CRDM	see See <u>Common Reference Data Management</u> .		New
Credit line	A commitment to grant intra-day credit on demand based on collateral provided to a Central Bank.		New
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.		PCSS
Credit transfer	A payment order or, sometimes, a sequence of payment orders made for the purpose of placing funds at the disposal of the beneficiary. Both the payment instructions and the funds described therein move from the bank of the payer/originator to the bank of the beneficiary, possibly via several other banks as intermediaries and/or more than one credit transfer system.		T2
Cross AS settlement	Procedure enabling an Ancillary System using AS procedures to move liquidity from one AS to another AS.		T2*

Term	Definition	Acronym	Source ¹
Cryptography	The application of mathematical theory to develop techniques and algorithms that can be applied to data to ensure goals such as confidentiality, data integrity and/or authentication.		T2
CSD	See Central Securities Depository.		T2
CUG	See Closed User Group.		T2
Customer	Entity which is not a participant (direct or indirect) and which uses the service of a participant to exchange transactions in the system.		T2
Cut-off time	The deadline defined by a system (or an agent bank) to accept transfer orders for a defined settlement cycle.	COT	PCSS
Daily settlement	The completion of settlement on the day of value of all payments accepted for settlement.		T2
Data Warehouse	Logical data pool optimised for data mining, e.g. historical transaction data.	DWH	New
Day-time settlement	Phase in the RTGS in which the settlement of High Value Payments is possible.	DTS	New
DCA	see See Dedicated Cash Account.		New
DD	See Direct Debit		PCSS
Dedicated Cash Account	An account dedicated for a single market infrastructure service, e.g. TIPS, T2S, RTGS.	DCA	New

Term	Definition	Acronym	Source ¹
Defect	An error or fault in, or the failure of, a software application, producing an incorrect or unexpected result.		T2S
Denial of service attack	An action to make computing and/or network resources unavailable in order to deprive the users of services they normally expect to have at their disposal.		T2S
Deposit facility	A standing facility of the Eurosystem which counterparties may use to make overnight deposits at a national central bank <u>Central Bank</u> , which are remunerated at a pre-specified interest rate.		T2
Direct Debitdebit	A payment instrument, authorising a debit on the payer's bank account, which is initiated by the payee on the basis of an authorisation given by the payer.	DD	PCSS
Direct participant	A participant in a system that directly carries out transactions with other participants in the system. He can perform all activities allowed in the system without intermediary. In some systems direct participants also carry out transactions on behalf of indirect participants.		T2
Disaster	A major disruption of business operations.		T2S
Disaster Recovery	A process carried out to recover/restore an IT service to working order after a disaster causing a service interruption.	DR	T2S

Term	Definition	Acronym	Source ¹
Distinguished Name	A name that uniquely identifies an entry in a directory or network. Usually it is a sequence of attribute-value assertions (e.g. "cn=smith") separated by commas, e.g. <cn=smith,ou=ops,o=bnkacctt,o=nsp-1>.	DN	T2S*
DN	See Distinguished Name.		T2S
DNS	See Domain Name System.		T2S
Domain Name System	A hierarchical distributed naming system for computers, services, or any resource connected to the internet or a private network.	DNS	T2S
DR	See Disaster Recovery.		T2S
DTS	See Day-time settlement		New
DWH	See Data Warehouse.		New
EAT	See Eurosystem Acceptance Testing		T2S
EBA	Euro Banking Association		T2
ECB	European Central Bank.		T2S
ECMS	See Eurosystem Collateral Management System.		New
EEA	See European Economic Area.		T2S
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.		PCSS

Term	Definition	Acronym	Source ¹
Emergency bug-fix release	The release of a new software version requiring urgent deployment in the production environment to remedy the complete unavailability of one or more services for which there is no workaround available.		T2S
Encryption	The use of cryptographic algorithms to encode clear text data (plaintext) into cipher text to prevent unauthorised observation.		T2
Entry Disposition	A broad set of liquidity management features achieving a flexible and need-based control of the payment flows, thereby limiting possible liquidity risks.		T2
EOD	End of day <u>Day</u> .		T2S
ESCB	European System of Central Banks.		T2S
ESMIG	See Eurosystem Single Market Infrastructure Gateway.		New
EU	European Union.		T2S
European Economic Area	European Economic Area. The European Economic Area (EEA) unites the EU Member States and the three EEA EFTA states Iceland, Liechtenstein, and Norway.	EEA	T2S
Eurosystem Acceptance Testing.	Formal testing conducted by the Eurosystem to determine whether the Market Infrastructure Services are compliant with their scope defining set of documents.	EAT	T2S*

Term	Definition	Acronym	Source ¹
Eurosystem Collateral Management System	Shared system for the mobilisation and management of collateral used in Eurosystem credit operations.	ECMS	ECB
Eurosystem Single Market Infrastructure Gateway	The common entry point for all interaction with the Eurosystem Market Infrastructures (RTGS, T2S, TIPS and potential future services). Based on common technical specifications, ESMIG will be network agnostic, i.e. it will not rely on network specific features. It will allow participants to connect through one or multiple service providers for both A2A and U2A interfaces, offering cost-effective and secure access to the various services.	ESMIG	New
Excess of reserve	Average reserve holdings in excess of the minimum reserve requirements and other deposits held with the Eurosystem.		ECB
Extensible Mark-up Language	An open standard developed and maintained by World Wide Web Consortium (W3C), for describing and structuring data for the transmission and exchange of information between computer applications and organisations / humans.	XML	T2S
FIFO	First In First Out.		T2
FIFO by-passing	The system tries to process the first transfer in the queue, but if that cannot be executed owing to lack of funds it then tries to settle the next transfer instead; also called Bypass FiFo FIFO.		T2
Final (finality)	Irrevocable, unconditional, or not annulable.		T2

Term	Definition	Acronym	Source ¹
Final settlement	Settlement which is irrevocable, unconditional, or not annulable.		T2
Financial Market Infrastructure	An FMI is defined as a multilateral system among participating institutions, including the operator of the system, used for the purposes of clearing, settling, or recording payments, securities, derivatives, or other financial transactions.	FMI	BIS
Firewall	A hardware- and/or software-based system that is used as an interface between the internet and a computer system to monitor and filter incoming and outgoing communication, with the ability to block unauthorized access and allow authorized communication.		T2
Floor	A lower threshold of an account balance defined by the participant for initiating a service-specific action.		New
FMI	see See Financial Market Infrastructure.		New
Four-eyes principle	The requirement that a business transaction be approved by at least two individuals.		T2S
FTP	File transfer protocol.		T2S
General Ledger	The General Ledger <u>general ledger</u> sometimes known as nominal ledger, is the main accounting record of a business which uses double-entry bookkeeping.	GL	T2
GL	See General Ledger		T2

Term	Definition	Acronym	Source ¹
Graphical User Interface	The interface that allows a user to interact with a software application through the use of graphical elements (e.g. windows, menus, buttons and icons) on a computer screen, using the keyboard and mouse.	GUI	T2S
Gridlock	A situation that can arise in a funds or securities transfer system in which the failure of some transfer orders to be executed (because the necessary funds or securities are unavailable) prevents a substantial number of other orders from other participants from being executed.		T2
Gross settlement system	A transfer system in which the settlement of funds or securities occurs individually (on an instruction-by-instruction basis).		T2
Guarantee fund mechanism	Mechanism to provide the complementary liquidity needed according to pre-defined rules in case an AS cannot settle using the settlement banks liquidity only.		T2
Guarantee funds account	Account used in case the optional guarantee mechanism has to be activated by an AS or a CB on its behalf.		T2
Guarantor	Owner of the guarantee funds account.		T2
GUI	See Graphical User Interface.		T2S
Home CB	Central bank where the direct participant is located.		T2
Host CB	Central bank via which a direct participant uses the possibility of remote access.		T2

Term	Definition	Acronym	Source ¹
Hot-fix release	A software release that needs to be performed before the next regular release, as otherwise the defect concerned could lead to substantial operational problems, require heavy workarounds and/or lead to any other clear increase in the operational risk level.		T2S
HU/U	Highly Urgent/Urgent.		T2
HVPSHVP	High Value Payment System .		New
Incident	An event which is not part of the standard operation of the service and which causes, or may cause, an interruption or a reduction of the quality of that service.		T2S
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.		PCSS
Information & Reporting Service	<p>A centralised facility provided within the Eurosystem Market Infrastructures Services for the production of regular operational reports and the provision of query facilities.</p> <p>This does not extend to business and operational reporting, nor to statistical and regulatory reporting (which are provided via the Data Warehouse).</p>	IR	New
Information Technology Infrastructure Library	The set of best practices for managing IT infrastructure, development and operations, maintained under the auspices of the Office of Government Commerce, an office of the UK Treasury.	ITIL	T2S

Term	Definition	Acronym	Source ¹
Integrity	The quality of being protected against accidental or fraudulent alteration of transmission and of storage, or the quality of indicating whether or not alteration has occurred.		T2
Interbank payment	A payment where both the originator and the final beneficiary are financial institutions.		T2
Intraday credit	Credit extended and reimbursed within a period of less than one business day; in a credit transfer system with end-of-day final settlement, intraday credit is tacitly extended by a receiving institution if it accepts and acts on a payment order even though it will not receive final funds until the end of the business day. It can take the form of: –a collateralised overdraft or –a lending operation against a pledge or in a repurchase agreement		T2
Intraday liquidity	Funds which can be accessed during the business day, usually to enable financial institutions to make payments on an intraday basis.		T2
IR	See Information & Reporting Service.		New
Irrevocable and unconditional transfer	A transfer that cannot be revoked by the transferor and is unconditional (and therefore final).		T2
ISO	International Organization for Standardization.		T2S

Term	Definition	Acronym	Source ¹
ISO 20022	The international standard for financial services messaging, maintained by the International Organization for Standardization (ISO).		T2S
IT Service Continuity Management	The process responsible for managing risks that could seriously affect IT services. IT service continuity management ensures that the IT service provider can always provide minimum agreed service levels, by reducing the risk to an acceptable level and planning for the recovery of IT services. IT service continuity management supports business continuity management.	ITSCM	ITIL
ITIL	See Information Technology Infrastructure Library.		T2S
ITSCM	See IT Service Continuity Management.		ITIL
Key Performance Indicator	A metric that is used to help monitor a process, IT service or activity.	KPI	T2S*
KPI	See Key Performance Indicator		T2S
Legal Entity Identifier	The technical specification for LEI is ISO 17442. ISO 17442:2012 specifies the elements of an unambiguous legal entity identifier (LEI) scheme to identify the legal entities relevant to any financial transaction.	LEI	ISO
Legal risk <u>LEI</u>	The risk of loss because of the unexpected application of a law or regulation or because a contract cannot be enforced. See <u>Legal Entity Identifier</u>.		T2ISO

Term	Definition	Acronym	Source ¹
<u>LEILimit</u>	<p>See Legal Entity Identifier. <u>The maximum amount for normal payments that a direct participant is willing to pay to another specific participant/account per day (bilateral limit), or to all other participants/accounts (excluding those with whom a bilateral limit is defined) per day (multilateral limit).</u></p> <p><u>Limits are net values within the day. Payments out can exceed the limit where payments (that are credits) have also been received first.</u></p> <p><u>For a direct participant it is possible to establish standing orders for bilateral or multilateral limits.</u></p>		<u>ISOT2*</u>
<u>LimitLiquidity Transfer Group</u>	<p>Amount for normal payments a direct participant is willing to pay to another participant/account (bilateral limit) or to the other participants/accounts (multilateral – limit towards whom no bilateral limit is defined), without having received payments (that are credits) first. For a direct participant it is possible to establish standing orders or current bilateral (respectively multilateral) limits. <u>Liquidity Transfer Group refers to an optional grouping of cash accounts defined by a Central Bank for the purpose of arranging Liquidity Transfers between them.</u></p>		<u>T2New</u>
<u>Liquidity Transfer GroupOrder</u>	<p>Liquidity Transfer Group refers to an optional grouping of cash accounts defined by <u>Order is a Central Bank for payment order, the main purpose of arranging Liquidity Transfers which is to transfer liquidity between them on a Whitelist basis different accounts of the same participant.</u></p>	<u>LTO</u>	<u>NewT2</u>

Term	Definition	Acronym	Source ¹
Liquidity Transfer Order <u>LTO</u>	“See Liquidity Transfer Order” is a payment order, the main purpose of which is to transfer liquidity between different accounts of the same participant.	LTO	T2
Main Cash Account	Account kept in CLM for provision of credit lines, Central Bank Operations, Cash Withdrawals and Liquidity Management incl. management of cash balance.	MCA	New
Mandated payment	Payment initiated by an entity that is not party to the transaction (typically by a CB or an AS in connection with ancillary system <u>Ancillary System</u> settlement) on behalf of another entity. A CB sends a credit transfer (with specific message structure) on behalf of the failed direct participant (only in case of contingency situations).		T2
Marginal lending facility	A standing facility of the Eurosystem which counterparties may use to receive overnight credit from a CB at a pre-specified interest rate against eligible assets. In general possible options: –Marginal lending on request Use on request of the participant in general needed for the fulfilment of reserve requirement. –Automatic marginal lending Automatic transformation of intraday credit in overnight credit at the end of the day.		T2

Term	Definition	Acronym	Source ¹
Market Infrastructure Services	Market Infrastructure Services is the global term comprising: ESMIG, CLM, RTGS Settlement, T2S, TIPS, CRDM, Information and Reporting, Data Warehouse, Legal Archiving, Contingency Services, Billing.	MIS	New
MCA	see See Main Cash Account.		New
MFI	see See Monetary Financial Institution.		T2
MIS	See Market Infrastructure Services.		New
Monetary Financial Institution	A Monetary Financial Institution (MFI) comprise resident credit institutions as defined in Common law, and other resident financial institutions whose business is to receive deposits and/or close substitutes for deposits from entities other than MFIs, and for their own account (at least in economic terms), to grant credits and/or make investment in securities.	MFI	T2
Multi-currency	The capability to run a service in more than one currency. Conversion services are not covered.		New
Net Settlement System	A funds transfer system, the settlement operations of which are completed on a bilateral or multilateral net basis.	NSS	T2

Term	Definition	Acronym	Source ¹
Netting	An agreed offsetting of positions or obligations by participants in a clearing or settlement system. The netting reduces large number of individual positions or obligations to a smaller number of obligations or positions. Netting may take several forms which have varying degrees of legal enforceability in the event of default of one of the parties.		T2
Network Service Provider	A business entity, licensed by the Eurosystem, that provides the technical infrastructure, including hardware and software, to establish a secure and encrypted network connection permitting the exchange of information between actors.	NSP	T2S*
NFT	See Non-functional testing.		T2S
Non-functional testing	Tests not related to the functional tests and instead focusing on performance and stress tests, business continuity tests and security tests with regard to service level agreements.	NFT	T2S*
Non-repudiation	Mechanisms providing evidence of 1) the identity of the sender of a message; and 2) the integrity of that message. These are sufficient to prevent the sender of a message from successfully denying the submission of the message or the integrity of its content.		T2S
Non-repudiation of emission	In the context of technical communication, a method used to protect the transmitter of a message from a denial by the requester of having requested the message transmission.		T2S

Term	Definition	Acronym	Source ¹
Non-repudiation of origin	In the context of technical communication, a method used to protect the recipient of a message from a denial by the originator of having originated the message.		T2S
NSP	See Network Service Provider.		T2S
NSS	See Net Settlement System		T2
NTS	Night-time settlement		New
Offsetting	Offsetting in the RTGS aims at increasing the capacity of the system to settle payments, thereby reducing queues, speeding up the settlement process and reducing the need of intraday liquidity. A bilateral or multilateral offsetting mechanism considers payments in the queues of participants and tries to settle them simultaneously on a gross basis within one legal and logical second.		T2
Opening day	See TARGET opening day.		T2
<u>Operational monitoring</u>	<u>Requirements for the processes necessary for 4CB to monitor the system activity.</u>		<u>New</u>
Operational risk	The risk of human error or a breakdown of some component of the hardware, software or communications system which is crucial to settlement.		T2
Overnight credit	See Marginal lending facility.		T2
Overnight deposit	See Deposit facility.		T2

Term	Definition	Acronym	Source ¹
Oversight	Oversight of payment and settlement systems is a typical central bank 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.		PCSS
Partial settlement	The settlement of only part of a settlement instruction's original amount, when full settlement is not possible owing to lack of cash or securities.		T2S
Participant	An entity which is identified/recognised by the system, is bound by rules of the system and is allowed to send and capable to receive transfer orders, either directly (as a direct participant) or indirectly (as an indirect participant).		T2
Party	Any entity defined in the system. This includes: Central Banks, Payment Banks, participants Participants , Ancillary Systems and the TARGET Service Desk.		New
Payee	See Beneficiary.		PCSS
Payer	The party to a payment transaction which issues the payment order or agrees to the transfer of funds to a payee.		PCSS
Payment	A payment is a transfer of funds which discharges an obligation on the part of a payer vis-à-vis a payee.		ECB

Term	Definition	Acronym	Source ¹
Payment order	An order or message to initiate a payment (in the form of a monetary claim on a party) to the account of the beneficiary. The order may relate either to a credit transfer or to a direct debit.		T2
Payment system	A payment system consists of a set of instruments, banking procedures and, typically, interbank funds transfer systems which facilitate the circulation of money.		T2
Payment versus Payment	A mechanism in a foreign exchange settlement system which ensures that a final transfer of one currency occurs if, and only if, a final transfer of the other currency or currencies takes place (e.g. CLS).	PvP	T2
PCSS	Payment, Clearing and Settlement Systems.		PCSS
PKI	See Public Key Infrastructure.		T2
Pledge	A delivery of assets to secure the performance of an obligation owed by one party (debtor) to another (secured party). A pledge creates a security interest (lien) in the assets delivered, while leaving ownership with the debtor.		T2
Primary partyParty	In the context of the access rights description, each user is associated with a primary party Party determining the data scope of the user.		New
Primary site	The place where systems operators locate the infrastructure and/or staff necessary to run their normal daily business operations.		PCSS

Term	Definition	Acronym	Source ¹
Priority	In general, payments are settled immediately, if sufficient liquidity is available on the RTGS account of the participant. Considering their urgency, they can be submitted and managed by the sender using different priorities.		T2
Privilege	A right, either granted or denied, to execute certain functions within an application or to access and/or update certain data.		T2S
Problem	An abnormal state or condition at the component, equipment, or sub-system level, which may lead to a failure that produces incorrect or unexpected results, showing a discrepancy between the relevant specifications and the actual results.		T2S*
Problem management	The process in ITIL to resolve the root causes of a problem to prevent a reoccurrence, thus improving service quality and minimising disruptions in the provision of services.		T2S*
Profiling information	Information delivered to CBs on the past behaviour of a participant or a group of participants, aggregated over a past period, and aimed at being comparable with current business day information.		T2
Public Key Infrastructure	A system that manages encryption keys and identity information for the human and mechanical components of a network to provide secure communications.	PKI	T2S

Term	Definition	Acronym	Source ¹
Pull mode	A communication model using the request/response (and query/response) message exchange pattern. A service consumer requests specific information from a service provider and then waits to receive the response.		T2S
Push mode	A communication model in which the service provider actively passes event-driven or time-triggered messages to a service consumer based on a subscription by the consumer to the information.		T2S
PvP	See Payment versus Payment.		T2
Query	A function to retrieve information from a database using selection criteria to fulfil ad hoc information demands.		T2S
Queueing	An arrangement whereby transfer orders are held pending by the originator/deliverer or by the system until sufficient cover is available in the originator's/deliverer's clearing account or under the limits set against the payer; in some cases, cover may include unused credit lines or available collateral.		T2
RAD	Restart after Disaster		T2
Real-time Gross Settlement	The continuous (real-time) settlement of funds or securities transfers individually on an order-by-order basis with intraday finality (without netting).	RTGS	T2

Term	Definition	Acronym	Source ¹
Real-time Gross Settlement system	A settlement system in which processing and settlement take place on a transaction-by-transaction basis in real-time.		T2S
Real-time processing	The processing of instructions at the time they are received rather than at some later time.		T2
Receiver	A participant who obtains the respective message in <u>from</u> the service (e.g. CLM, RTGS)).		New
Recovery Point Objective	The maximum amount of time that can pass before changes to data are saved. Data changes preceding a failure or disaster by at least this time are preserved by recovery. Zero is a valid value and is equivalent to a "zero data loss" requirement.	RPO	T2S
Recovery Time Objective	The maximum amount of time required to restore one or more applications and associated data back to a correct operational state.	RTO	T2S
Regression testing	Any type of software testing that seeks to uncover new software bugs, or regressions, in existing functional and non-functional areas of a system after changes such as enhancements, patches or configuration changes, have been made.		T2S

Term	Definition	Acronym	Source ¹
Remote access to TARGET	The possibility for an institution established in one country in the European economic area (EEA) to become a direct participant in the RTGS system of another country and, for this purpose, to have a settlement account in euro in its own name with the national central bank <u>Central Bank</u> of the second country without necessarily having established a branch or subsidiary in that country.		T2
Remote participant	A participant in a system which has neither its head office nor any of its branches located in the country where the system is based.		T2
Remote 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 and which has a different risk profile than the primary site.		New
REPORepo	See Repurchase operation.		T2
Report	An event-driven or time-triggered publishing of information in a defined standard format to specific recipients.		T2S
Repurchase agreement	An agreement to sell an asset and to repurchase it at a specified price on a predetermined future date or on demand. Such an agreement is similar to collateralised borrowing, although it differs in that the seller does not retain ownership of the assets.		T2
Repurchase operation	A liquidity-providing reverse transaction based on a repurchase agreement.	REPO Repo	T2

Term	Definition	Acronym	Source ¹
Reservation of cash balance	With the usage of the reservation facility liquidity can be reserved by RTGS account/Main Cash Account holders for the execution of special transactions with a certain priority class.		T2
Reserve holdings	Liquidity maintained on the MCA <u>Main</u> and DCA <u>accounts</u> <u>Dedicated Cash Accounts</u> at the end- <u>End of-day</u> <u>Day</u> .		T2
Reserve requirement	The obligation of euro area credit institutions to hold minimum reserves on reserve accounts with their home NCBs. The reserve requirement is determined in relation to certain elements of the credit institutions' balance sheet. Institutions' holding of required reserves are remunerated at the rate of the Eurosystem's main refinancing operations.		T2
Residual risk	The risk remaining after risk treatment.		T2S
Retail payments	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.		ECB
Retention period	The parameter that specifies the number of calendar days data is kept before its deletion.		New
Risk analysis	The systematic use of information to identify sources of risk and to estimate the magnitude and impact of such risk.		T2S
Risk treatment	The process of selection and implementation of measures to modify risk. [ISO Guide 732002].		T2S

Term	Definition	Acronym	Source ¹
RPO	See Recovery Point Objective.		T2S
RTGS	See Real-time Gross Settlement.		T2S
RTGS directory	List of participants reachable via the RTGS service including additional information on routing, account holder and participation type.		New
RTGS service	Comprises the HVP High Value Payments and AS Ancillary Systems .		New
RTO	See Recovery Time Objective.		T2S
<u>S&F</u>	See Store-and-forward.		T2S
Scalability	The ability of an IT service, process, configuration item, etc. to perform its agreed function when the workload or scope changes.		T2S
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 and which has a different risk profile than the primary site.		PCSS
Securities Settlement System	A transfer system for settling securities transactions. It comprises all of the institutional arrangements required for the clearing and settlement of securities trades and the provision of custody services for securities.	SSS	PCSS
Security control	A measure to safeguard the integrity, confidentiality and availability of an organisation's information assets, and to ensure compliance with its information security policy.		T2S

Term	Definition	Acronym	Source ¹
Security device	A token or a smart card used to secure the access to a platform.		T2S
Security risk	The potential that a given threat will exploit the vulnerabilities of an asset or group of assets to cause loss of or damage to the assets.		T2S
Sender	A participant who initiates the process by sending the respective message to the service (e.g. CLM, RTGS)).		New
Service	A single Market Infrastructure Service; ESMIG, CLM, RTGS Settlement, T2S, TIPS, CRDM, Information and Reporting, Data Warehouse, Legal Archiving, Contingency Services and Billing are each referred to as a Service.		New
Service level	The measured and reported achievement against one or more service level targets.		T2S
Service Level Agreement	The agreement defining the service levels, measured against agreed key performance indicators where relevant.	SLA	T2S
Service Level Management	The framework of the Eurosystem for specifying services, and monitoring the agreed service levels.	SLM	T2S
Service level target operator	A commitment that is documented in the Service Level Agreement. Service level targets are based on the service levels required to meet business objectives. The Market Infrastructure service operator on behalf of the Eurosystem.		T2S New

Term	Definition	Acronym	Source ¹
Settlement bank	Direct participant who pertains to one or more AS. The participant may manage the AS settlement process (e.g. the determination of settlement positions, monitoring of the exchange of payments, etc.) not only for own purposes but also for other AS participants on its RTGS account.		New
SF	See Standing Facility <u>Facilities</u> .		T2
SLA	See Service Level Agreement		T2S
SLM	See Service Level Management		T2S
Smoke test	Limited preliminary testing of a new software release after deployment in a test environment, to identify potential simple but critical failures and to ascertain whether the critical services are functioning.		T2S
Snapshot facility	A software tool to capture and store the reference static data or to purge static and/or transactional data of a system entity or group of system entities from a test environment in order to reload it later in the same or another test environment.		T2S
SOD	Start of day <u>Day</u> .		T2S
SSS	See Securities Settlement System.		T2S

Term	Definition	Acronym	Source ¹
Standing Facility Facilities	A central <u>Central</u> bank facility <u>facilities</u> available to counterparties on their own initiative. The Eurosystem offers two overnight standing facilities <u>Standing Facilities</u> : the marginal lending facility and the deposit facility.	SF	T2*
Standing bilateral/multilateral limit order	Instruction of a direct participant/account to define a bilateral/multilateral limit of a fixed amount within the RTGS on a regular basis (time or event triggered).		New
Standing (Liquidity Transfer-Order) order	Instruction of a direct participant to transfer regularly a fixed amount (time or upon a certain event triggered) between different accounts (MCA, DCAs in e.g. RTGS, TIPS, T2S) of the same participant <u>over a period with or without a predefined end date</u> .		New
Standing reservation-order for Reservation	Instruction of a direct participant to define <u>set up</u> an urgent/highly urgent reservation of a fixed amount on a regular basis (time or upon a certain event triggered) on an <u>MCA or an RTGS DCA over a period with or without a predefined end date</u> .		New
Store-and-forward	A common technique in telecommunications in which a data transmission from a source node is stored at a redistribution node before being sent to the destination node.	<u>S&F</u>	T2S
STP	See Straight-through Processing		T2

Term	Definition	Acronym	Source ¹
Straight-through Processing	The automated end-to-end processing of trades/payment transfers, including the automated completion of generation, confirmation, clearing and settlement of instructions.	STP	T2
Sub account	Specific account, belonging to an RTGS (AS) account, holding dedicated liquidity to allow the settlement of an ancillary system <u>Ancillary System</u> using the interfaced settlement procedure.		T2
System entity	Either the operator (RTGS, TIPS or T2S) or a CSD (T2S) or NCBCB for which a segregation of processing, capabilities and data are required.		T2S
Systemic risk	The risk that the inability of one institution to meet its obligations when due will cause other institutions to be unable to meet their obligations when due. Such failure may cause significant liquidity or credit problems and, as a result, could threaten the stability of or confidence in markets.		T2
Systemically important payment system	A payment system is deemed systemically important if, in the event of being insufficiently protected against risk, disruption within it could trigger or transmit disruption to participants or cause broader systemic disruption in the financial area.		T2
T2	See TARGET2.		T2
T2S	See TARGET2-Securities.		T2S

Term	Definition	Acronym	Source ¹
TARGET	Trans-European Automated Real-time Gross settlement Express Transfer: the Eurosystem's real-time gross settlement system for the euro. The first-generation TARGET system was replaced by TARGET2.		T2
TARGET opening day	A day on which settlement takes place according to the daily processing schedule and according to the published calendar of opening days.		T2
TARGET Service Desk	Staff of the Market Infrastructure service provider, performing an administration role for the Market Infrastructure Services.		New
TARGET2	The Trans-European Automated Real-time Gross settlement Express Transfer system, which functions in accordance with Guideline ECB/2007/2 of 26 April 2007 (OJ L 237, 8.9.2007, p. 1).		T2S
TARGET2-Securities	The set of hardware, software and other technical infrastructure components through which the Eurosystem provides the services for CSDs and central banks <u>Central Banks</u> that allow core, neutral and borderless settlement of securities transactions on a DvP basis in central bank money <u>Central Bank Money</u> .		T2S
Technical account	Account used in the context of ancillary systems <u>Ancillary Systems</u> operations as <u>an</u> intermediary account for the collection of debits/credits resulting from the settlement of balances.		New <u>T2</u>

Term	Definition	Acronym	Source ¹
Test case	A set of test inputs, execution conditions and expected results to verify the compliance of the software with the requirements.		T2S
Test cycle	Execution of a set of test scenarios across one or more business days.		T2S
Test scenario	A set of test cases with the purpose of validating a process end-to-end.		T2S
TIPS	Target Instant Payment Settlement: real-time settlement system for retail payments settled in central bank money <u>Central Bank Money</u> .		New
TIPS Directory	List of participants reachable via the TIPS service.		New
<u>TMS</u>	<u>See Trouble Management System.</u>		<u>T2S</u>
Transaction Reference Number	A unique reference number used to identify each payment instruction.	TRN	PCSS
TRN	See Transaction Reference Number.		T2
<u>Trouble Management System</u>	<u>System used for raising and tracking tickets for incidents that have been reported and also for the problem tickets where there is a problem to be resolved.</u>	<u>TMS</u>	<u>T2S</u>
Two-eyes principle	AA user interaction in U2A can be finalised by a single individual.		New
U2A	See User-to-Application.		T2S
<u>UI</u>	<u>See User Interaction</u>		<u>New</u>

Term	Definition	Acronym	Source ¹
UNIFI	Universal financial industry message scheme		T2S
Universal Financial Industry Message Scheme	Another name for ISO 20022.	UNIFI	T2S
URD	See User Requirements Document.		T2S
User	A user can be an individual person or technical user interacting with the Market Infrastructure Services.		New
User Interaction	Activity by a user undertaken whilst interacting with the Market Infrastructure Services, either through a Graphical User Interface (GUI) or via a local software application.	UI	New
User requirement	A condition or capability needed by a stakeholder to solve a problem or achieve an objective.		T2S
User Requirements Document	The document setting out the user requirements.	URD	T2S
User-to-Application	A connectivity mode for the exchange of information through a Graphical User Interface (GUI).	U2A	T2S
UTC	See Coordinated Universal Time.		T2
V-shape	Type of transmission of messages meaning the addressed platform takes care of the further routing of messages.		T2

Term	Definition	Acronym	Source ¹
Vulnerability	A weakness of an asset or group of assets that can be exploited by a threat.		T2S
Warehoused payment	Payments submitted up to five TARGET opening days in advance. In this case, the payment message will be warehoused until the day trade phase of SSP with <u>Service in which they shall settle opens for</u> the respective settlement of payments on the intended settlement date starts .		T2*
Whitelist	<p>A list of either:</p> <ul style="list-style-type: none"> • accounts from which Liquidity Transfers are accepted; or • accounts to which Liquidity Transfers are authorised <p>By default, the whitelist includes all accounts in all Services, i.e. all Liquidity Transfers are accepted from all accounts within the same Liquidity Transfer Group.</p> <p><u>Central Bank Accounts will not be included in any Whitelists as Liquidity Transfers involving such accounts cannot be restricted.</u></p>		New
XML	See Extensible Mark-up Language.		T2S