

T2S GLOSSARY

T2S Programme Office

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IMPORTANT DISCLAIMER:

The purpose of this glossary is to help the reader of the T2S documentation understand the meaning of the terms defined therein from a business, technical and operational point of view. All information contained in this glossary is provided for information purposes only and does not constitute an amendment or replacement of contractual or legal obligations stemming from legally binding documents, such as the T2S Framework Agreement or applicable laws and regulations. This glossary is of no prejudice to the provisions of the T2S Framework Agreement, its annexes and its schedules. In the event of a conflict or inconsistency between this glossary and the T2S Framework Agreement, its annexes and its schedules, the latter documentation shall prevail.

3DES: See triple data encryption standard.

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 responsible for building, maintaining and running the T2S platform, in accordance with the relevant contractual arrangements and with decisions of the ECB's Governing Council.

4-eyes principle: See four eyes principle.

A2A: See application-to-application.

Access criteria: See eligibility criteria.

Actual settlement date: The date on which the settlement is final, i.e. for a delivery versus payment it is the date on which securities are debited from the securities account of the seller and credited to the securities account of the buyer and the funds are debited from the cash account of the buyer and credited to the cash account of the seller. The term effective settlement date is also a synonym frequently used (e.g. in the UDFS).

Administering party: The legal entity responsible for verifying that an external settlement condition for a conditional securities delivery (CoSD) is fulfilled, so that T2S can initiate the delivery of the blocked cash and/or securities.

Advanced Encryption Standard: (AES) Specification for the encryption of electronic data established by the U.S. National Institute of Standards and Technology (NIST) in 2001.

Advisory Group: (AG) See T2S Advisory Group.

AES: See advanced encryption standard.

AG: See T2S Advisory Group.

Alleged instruction: See allegation

Allegation: A message to advise an account owner that its account is the subject of a settlement instruction of another party, for which the account owner has no corresponding instruction in the securities settlement system.

Application-to-application: (A2A) A connectivity mode that enables the exchange of information between the T2S software application and the software application(s) of the T2S actor.

Asset segregation: A method of protecting client assets by holding them in separate accounts or sub-positions.

Asset servicing: Administration services provided by a CSD or custodian in connection with the custody and/or safekeeping of financial instruments (e.g. the processing of corporate actions or the handling of taxes).

Authentication: A security mechanism for verifying the identity of an individual or process.

Authorisation: A security mechanism for verifying that an individual or process has the privilege to access certain functions or data within a system.

Authorisation testing: The test scenarios and test cases that a CSD requires its participants, or a central bank requires its payment banks, to execute in order to allow the CSD or central bank to verify the compliance of a participant or a payment bank with its rules, procedures and requirements for participating in T2S once it goes live.

T2S Glossary

Authorised T2S system user: An individual or process, granted authorisation owing to its role in T2S, to execute a certain function, run a specific application or access specific data.

Auto-collateralisation: A credit operation that is or can be triggered when a buyer does not have sufficient funds to settle a securities transaction, in order to improve its cash position for the next settlement cycle. The credit provided can be secured using securities already held by the buyer ("collateral stocks") or the securities that are being purchased ("collateral flows"). See also T2S auto-collateralisation and T2S client-collateralisation.

Availability: The ability of a configuration item or an IT service to perform its agreed function when required.

Back-out: The set of procedures executed to revert to the previous version of a software application in a test or a production environment, in the event that the deployment of a software change is not successful.

BAH: See business application header.

Beneficial owner: The party that is entitled to receive the benefits of the ownership of a security or other financial instrument (e.g. income, voting rights and power of transfer). A distinction is usually made between the beneficial owner and the "legal owner" of a security or financial instrument.

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.

BGB: Bürgerliches Gesetzbuch, i.e. the German Civil Code.

BIC: See Business Identifier Code.

Bilateral cancellation of settlement instruction: A cancellation process which requires both the deliverer and the receiver of securities of a matched settlement instruction to cancel their respective instruction.

Bilateral Interoperability testing stage: The stage of user testing in which a CSD or central bank, independently from other CSDs and central banks, tests T2S to ensure the readiness of its adapted IT system to interoperate with T2S and to verify that all T2S services are functioning as specified in the T2S scope defining set of documents.

Blocking: A process preventing the transfer of a specified amount of funds or a specified quantity of a security.

Blocking of cash balance: A process preventing the transfer of a specified amount of funds in a specific currency from one cash account to any cash account other than that of the specific transaction or purpose with which it is associated.

Blocking of securities position: A process preventing the transfer of a specified quantity of a security from one securities account to any securities account other than that of the specific transaction or purpose with which it is associated.

Book-entry system: A system which enables transfers of securities and other financial assets which do not involve the physical movement of paper documents or certificates (e.g. the electronic transfer of securities). See also dematerialisation.

Booking: See posting.

BPD: See business process description.

Bug: See defect.

Bug fix: A change in the software that remedies one or more defects.

Bug fix release: The release of a new software version that remedies one or more known defects.

Business application header: (BAH) The message envelope for business application data that determines which business application the data are routed to and identifies the type of content.

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 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.

Business continuity testing: Tests with the objective of verifying the efficiency of business continuity procedures.

Business Day testing stage: The stage of user testing in which CSDs and central banks together with their respective user communities verify the correct functioning of operational procedures and of T2S under production-like conditions for several consecutive business days.

Business Identifier Code: (BIC) Identification of financial or non-financial institutions within the financial services industry according to the International Organization for Standardization (ISO) Standard 9362.

Business process description: (BPD) Document published and maintained by the Eurosystem illustrating the business processes in T2S involving the Eurosystem, the CSDs, the Central Banks and other directly connected parties and their interaction with T2S.

Cash account: See also T2S dedicated cash account.

CCP: See central counterparty.

CeBM: See central bank money.

CeBM settlement: See central bank money settlement.

Central bank: (CB) "Central bank" could refer to the European Central Bank (ECB), one of the euro area NCBs (national central banks) or one of the non-euro area NCBs.

Central bank money: (CeBM) Liabilities of a central bank, in the form of either banknotes or bank deposits held at a central bank, which can be used for settlement purposes.

Central bank money settlement: (CeBM settlement) A settlement is described as being in central bank money if the payment moves directly and irrevocably between accounts on the books of the central bank.

Central counterparty: (CCP) An entity that interposes itself, in one or more markets, between the counterparties to the contracts traded, becoming the buyer to every seller and the seller to every buyer and thereby guaranteeing the execution of open contracts.

Central securities depository: (CSD) An entity that: 1) enables securities transactions to be processed and settled by book entry; 2) provides custodial services e.g. the administration of corporate actions and redemptions; and 3) plays an active role in ensuring the integrity of securities issues. Securities can be held in a physical (but immobilised) form or in a dematerialised form (whereby they exist only as electronic records).

T2S Glossary

Certification testing: Tests with the objective of providing evidence that a CSD, central bank, CSD participant or payment bank acting as directly connected party can interact with T2S technically without a negative impact on the T2S platform.

Change: The addition, modification or removal of anything that could have an effect on IT services. See also T2S change management process.

Change and release management: See T2S change management process.

Change management process: See T2S change management process.

Change notification: A confirmation of a change in the business status of a settlement instruction, settlement restriction, liquidity transfer, account floor or account ceiling.

Change request: (CR) A request for a change that is subject to the change and release management process, as described in T2S Framework Agreement Schedule 9 (Change and Release Management).

Change Review Group: (CRG) The group, established by the Steering Level and composed of product managers and functional experts from the contracting CSDs, euro area NCBS, non-euro area NCBS, the ECB and the 4CB, mandated to analyse change requests and make proposals on the content of T2S releases, as further specified in T2S Framework Agreement Schedule 9 (Change and Release Management).

Client collateralisation: See T2S client collateralisation.

Closing day: See T2S closing day.

CMB: See credit memorandum balance.

CMS: See Collateral Management System.

CoBM: See Commercial bank money.

CoBM settlement: See commercial bank money settlement.

Collateral: An asset or third-party commitment that is used by a collateral provider to secure an obligation vis-à-vis a collateral taker.

Collateral management: Collateral management includes the process used to control the correspondence between the market value of the relevant collateral and the required value of that collateral. It generally also includes the generation and processing of collateral transfers.

Collateral management system: (CMS) A system allowing the pledge of assets as a guarantee to secure a loan or the sale of assets with a repurchase agreement to secure a loan.

Collateral value: The market price of collateral including accrued interest, adjusted with appropriate haircuts and, if applicable, with the pool factor or public index.

Commercial bank money: (CoBM) Commercial bank liabilities that take the form of deposits held at a commercial bank which can be used for settlement purposes.

Commercial bank money settlement: (CoBM settlement) Settlement is described as being in commercial bank money if the payment moves between the cash accounts of financial institutions that are not operated by the central banks.

Community testing stage: The stage of user testing in which CSDs and central banks involve their user communities (CSD's participants and payment banks) in their multilateral testing in order to ensure that the latter can interact correctly end-to-end with T2S, either through the adapted system of the CSD or central bank or with T2S directly as a directly connected party (DCP).

Conditional securities delivery: (CosD) A settlement procedure in which the final securities and/or cash booking is dependent on the successful completion of an additional action or event outside the settlement system (e. g. registration of shares, cash settlement outside the T2S settlement system).

Connectivity Testing stage: The stage of testing in which the CSD, central bank, CSD participant or payment bank acting as directly connected party initially verifies that it can technically connect to T2S at the software application level.

Contingency scenario: See contingency scenario for T2S migration

Contingency scenario for T2S migration: Procedures applied in the event of abnormal situations during the pre-migration phase or during the migration weekend, either following a decision by the governance bodies to cancel all or part of the migration or the decision by a CSD to leave the migration wave.

Contracting CSD: A CSD that has signed the T2S Framework Agreement (also referred to as "participating CSD" or "in-CSD").

Corporate action: (CA) An action or event decided by the issuer of a security which has an impact on the holders of that security. This may be optional, in which case those holders have a choice (for example, they may have the right to purchase more shares, subject to conditions specified by the issuer). Alternatively, it may be mandatory, whereby those holders have no choice (e.g. in the case of a dividend payment or stock split). Corporate actions can relate to cash payments (e.g. dividends or bonuses) or the registration of rights (subscription rights, partial rights, splits, mergers, etc.).

Corporate action on flow: The generation of claims from, or a transformation of unsettled settlement instructions for, a corporate action.

Corporate action on stock: The calculation and processing of an entitlement resulting from a corporate action, based on the settled securities position.

Corporate event: See corporate action.

CoSD: See conditional securities delivery.

Cost recovery period: See T2S cost recovery period.

CPA: See Currency Participation Agreement.

CR: See change request.

Credit line: A commitment, made in advance by a given entity, to grant credit on demand to another entity subject to agreed terms.

Credit memorandum balance: (CMB) A mechanism to track the credit provided to a T2S dedicated cash account and to monitor the external guarantee limit, the unsecured credit limit and the auto-collateralisation limits.

CRG: See Change Review Group.

T2S Glossary

Cross-border auto-collateralisation: Procedure through which a financial institution mobilises collateral in one country to finance a purchase in another country.

Cross-CSD settlement: Securities settlement between participants of different CSDs.

CSD: See central securities depository.

CSD Acceptance testing: The stage of user testing during which CSDs assess the compliance of T2S with Schedule 5 (T2S Service Description) of the Framework Agreement and the T2S scope-defining set of documents.

CSD link: A set of technical and legal arrangements between two CSDs allowing one CSD to hold securities for the other.

CSD participant: A customer of a CSD.

CSD static data: The business information, specific to a CSD in T2S that T2S requires to process the transactional data related to that CSD.

CSD Steering Group: (CSG) A T2S governance body that forms part of the Steering Level. It is responsible for articulating and coordinating the views of the CSDs. In particular, it makes resolutions and delivers opinions on behalf of the contracting CSDs and the participating CSDs with respect to a set of matters stipulated in the Framework Agreement.

CSG: See CSD Steering Group.

Currency Participation Agreement: (CPA) The contractual agreement, entered into by the Eurosystem and a non-euro area NCB or another authority responsible for a non-euro currency, to allow for securities settlement in central bank money in the non-euro currency in question.

Custody: The holding and administration, by an entity entrusted with such tasks, of securities and other financial instruments owned by a third party.

Cut-off time: The deadline set by a system (or an agent bank) for the acceptance of transfer orders for a given settlement cycle.

Data exchange protocol: (DEP) Set of conventions shared between the sender and the receiver of a message. It indicates the start and end time of the communication and what procedure it follows. See also T2S data exchange protocol.

Data Migration Tool: (DMT) An application that supports the bulk migration of data from the system of a CSD or central bank to T2S during the migration phase.

Day-for-day schedule: The mode of scheduling of processes on a test environment when one T2S operational day equates to one calendar day.

Day-time Settlement: (DTS) Process executed during the day which settles or attempts to settle all instructions eligible for settlement on that day. See also T2S day-time settlement.

DCA: See T2S dedicated cash account.

DCP: See directly connected party.

Dedicated cash account: (DCA) See T2S dedicated cash account.

Dedicated cash account holder: (DCA holder) See T2S dedicated cash account holder.

T2S Glossary

Dedicated transit account: A cash account in the RTGS system and in T2S held and used by the responsible system operator to transfer funds between the two. The transit account opened within T2S is referred as RTGS dedicated transit account and the transit account opened within the RTGS system is referred as T2S dedicated transit account.

Defect: An error or fault in, or the failure of, a software application, producing an incorrect or unexpected result.

Deliverable: A unique and verifiable product, result, or capability to provide a service, which is required to complete a process or phase.

Delivery free of payment: (DFP or DFOP) A delivery of securities which is not linked to a corresponding transfer of funds.

Delivery versus delivery: (DvD) A securities settlement mechanism which links two securities transfers in such a way as to ensure that the delivery of one security occurs if - and only if - the other security in the other transfer is delivered.

Delivery versus payment: (DvP) A securities settlement mechanism which links a securities transfer and a funds transfer in such a way as to ensure that delivery occurs if - and only if - the corresponding payment occurs.

Delivery with payment: (DwP) A type of instruction and settlement mechanism that requires a delivery of securities and a corresponding cash payment.

Dematerialisation: The elimination of physical certificates or documents of title indicating ownership of financial assets, such that the financial assets exist only as accounting records.

De-migration: The processes that the Eurosystem and a CSD must execute in the event that the CSD has serious technical and/or operational problems shortly after its migration to T2S, in order for the CSD to exit T2S and to continue business operations on its own IT platform.

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.

DEP: See data exchange protocol.

Deployment: The initial instalment or modification of IT applications and services.

DFoP: See delivery free of payment.

DFP: See delivery free of payment.

DiCoA: See directly connected T2S actors.

Direct connectivity: A technical facility allowing CSD participants or payment banks to access and use T2S services without the need for the CSD or central bank to act as a technical interface.

Direct CSD participant: A customer of a CSD that has a legal or contractual relationship with the CSD, holds a settlement account with the CSD and can perform all activities allowed in the T2S system without using an intermediary.

Direct holding system: An arrangement for registering ownership of securities (or similar interests) whereby each and every final investor in the security is registered with a single entity (e.g. the issuer itself, a CSD or a registry). In some countries, the use of direct holding systems is required by law.

T2S Glossary

Direct technical connectivity: See direct connectivity.

Directly connected actor: (DiCoA) See directly connected T2S actor.

Directly connected DCA holder: A T2S user (using T2S only for cash) that has been authorised by its central bank to access T2S directly when it needs to use T2S services, i.e. without the central bank acting as a technical interface (which would in this case be termed an "indirectly connected party"). See also Directly Connected Party.

Directly Connected Party: (DCP) A T2S user, that has been authorised by its contracting CSD or central bank to access T2S directly when it needs to use T2S services, i.e. without the contracting CSD or central bank acting as a technical interface (which would in this case be termed an "indirectly connected party"). See also "Directly connected DCA holder" for cash only DCP.

Directly connected T2S actor: (DiCoA) Any T2S actor that exchanges messages with the T2S platform directly, i.e. contracting/participating CSDs, connected NCBs, and directly connected parties.

Disaster: A major disruption of business operations.

Disaster recovery: A process carried out to recover/restore an IT service to working order after a disaster causing a service interruption.

Distinguished name: (DN) 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=t2s-ops,o=bnkacctt,o=nsp-1>.

DMT: See Data Migration Tool.

DN: See distinguished name.

DNS: (DNS) See Domain Name System.

Domain Name System: (DNS) A hierarchical distributed naming system for computers, services, or any resource connected to the internet or a private network.

Double-entry accounting: An accounting principle whereby for each credit (debit) made on one account, there is a corresponding debit (credit) on another account.

DTS: See day-time settlement.

DvD: See delivery versus delivery.

DvP: See delivery versus payment.

DvP cut-off time: Delivery-versus-payment cut-off time. See also Cut-off time.

DwP: See delivery with payment.

Earmarking: The process of specifying that a quantity of a security in a securities account is only eligible for specific types of transactions or processes. For example, a bank can earmark a securities position in a securities account for use as eligible collateral.

EAT: See Eurosystem acceptance testing.

ECB: European Central Bank.

T2S Glossary

ECSDA: See European Central Securities Depositories Association.

EEA: European Economic Area.

Effective settlement date: See actual settlement date.

Eligibility criteria: Criteria that a central securities depository must fulfil to use T2S services, as set out in Article 15 of Guideline ECB/2012/13 and as adopted by the Governing Council of the ECB on 14 January 2010.

Eligible assets: Assets which can be used as collateral in order to obtain credit.

Eligible NCB: See T2S eligible NCB.

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.

End-to-end volume testing: Testing to ascertain whether the adapted system of CSD, central bank, CSD participant or payment bank acting as DCP can process the expected production volumes end-to-end with T2S in compliance with the T2S settlement day.

Entry criterion: See testing stage entry criterion.

EOD: End-of-day.

Escalation procedure: The procedure to be followed when a T2S governance body cannot reach a consensus and guidance needs to be sought from a more senior governance body.

ESCB: European System of Central Banks.

EU: European Union.

Euro area NCB: The national central bank of an EU Member State that has adopted the euro.

European Central Securities Depositories Association: (ECSDA) An association of European CSDs aiming at offering solutions and advice at international level on technical, economic, financial and regulatory matters to reduce risk and increase efficiency in custody, pre-settlement and settlement arrangements for securities and related payments across Europe.

European Data Protection Supervisor: The independent supervisory authority devoted to protecting personal data and privacy and promoting good practice in the EU institutions and bodies.

Eurosystem: The ECB and the NCBs of the EU Member States whose currency is the euro, as provided for in Article 1 of the Statute of the ESCB and of the ECB.

Eurosystem Acceptance Testing: (EAT) Formal testing conducted by the Eurosystem to determine whether the T2S platform is compliant with the T2S scope defining set of documents.

Event: An action that changes the state of a transaction in T2S. In example, when T2S matches a settlement instruction and the status changes from "unmatched" to "matched".

Exit criterion: See testing stage exit criterion.

T2S Glossary

Extensible Mark-up Language: (XML) 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.

External CSD: A CSD not participating directly in T2S but accessible in T2S via an investor CSD. The term T2S out-CSD is also used.

External guarantee limit: The cap on credit secured outside T2S that the payment/settlement bank sets for its client. The external guarantee limit and the unsecured credit limit are identical from the T2S viewpoint, except for the sequence in which they are triggered. Usage of the external guarantee limit is triggered before client collateralisation.

Fail: See securities settlement fail.

Fast-track change: A change that is imposed by legal and regulatory requirements or by a CSD Steering Group resolution related to risk management, a change that is critical for the stability of the T2S platform or a change based on a central bank decision related to safeguarding a currency or to crisis management measures to ensure financial stability, which, owing to time constraints, has to be implemented in a shorter than usual time frame, and which will be decided upon on an ad hoc basis, as specified in T2S Framework Agreement Schedule 9 (Change and Release Management).

FCD: See Financial Collateral Directive.

Finality of settlement instruction: Settlement instructions entered into a securities settlement system in a way that makes them binding, irrevocable and enforceable against third parties, and thus protected from insolvency or unwinding risks.

Financial Collateral Directive: Directive 2002/47/EC of 6 June 2002, of the European Parliament and of the Council on financial collateral arrangements.

FoP: See free-of-payment delivery.

FOP cut-off time: Free-of-payment cut-off time. See also Cut-off time.

Force majeure: Any circumstances reasonably beyond the control of a non-performing contracting party, including, without limitation, an element of nature or an act of God, earthquake, fire, flood, war, act of terrorism, civil, industrial or military disturbance, sabotage, labour strike or lock-outs, pandemic, epidemic, riot, loss or malfunction of utilities or communication services, court order, act of civil or military authority, or governmental, judicial or regulatory action.

Four-eyes principle: (4-eyes principle) The requirement that a business transaction be approved by at least two individuals.

Framework Agreement: (FA) The T2S contractual arrangement composed of a core agreement, including schedules and annexes, between a contracting CSD and the Eurosystem.

Free-of-payment Delivery: (FoP delivery) See delivery free of payment.

FTP: File transfer protocol.

Fungibility: A characteristic of securities which are substitutable on account of their being identical.

General Functional Specifications: (GFS) A general functional description of the T2S business application, developed to comply with the T2S user requirements. It includes elements such as the functional architecture (domains, modules and interactions), the conceptual models, the data model and the data flow process.

General Principles of T2S: See T2S Principles.

GFS: See General Functional Specifications.

Go-live date: See T2S go-live date.

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 and regulators, as well as other stakeholders that influence these outcomes. See also T2S governance and T2S governance bodies.

Governance bodies: See T2S governance bodies.

Governing Council of the ECB: The decision-making body of the ECB comprising the members of the Executive Board of the ECB and the governors of the euro area NCBs, as provided for in Article 10 of the Statute of the ESCB and of the ECB.

Governors' Forum: A governance body of T2S composed of the governors of the connected non-euro area NCBs and an equal number of members of the ECB Governing Council, which is mandated in exceptional circumstances to discuss and settle disputes on T2S matters relevant to connected non-euro area NCBs that could not be resolved through the dispute resolution and escalation procedure, by agreeing on a common resolution by way of consensus.

Graphical User Interface: (GUI) 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.

Gross settlement: The settlement of transfer orders one by one.

Gross settlement system: A transfer system in which transfer orders are settled one by one.

GUI: See Graphical User Interface.

Guideline: A description that clarifies what should be done and how, to achieve the objectives set out in policies. See also T2S Guidelines.

Haircut: A risk control measure applied to underlying assets whereby the value of those underlying assets is calculated as the market value of the assets reduced by a certain percentage (the "haircut"). Haircuts are applied by a collateral taker in order to protect it from losses resulting from declines in the market value of a security in the event that it needs to liquidate that collateral.

Hold and release mechanism: See T2S hold and release mechanism.

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.

HTML: See Hypertext Mark-up Language.

HTTP: See Hypertext Transfer Protocol.

HTTPS: See Hypertext Transfer Protocol Secure.

Hypertext Mark-up Language: (HTML) A document-formatting language derived from the Standard Generalized Mark-up Language (SGML), predominately used to create Web pages.

T2S Glossary

Hypertext Transfer Protocol: (HTTP) The protocol that governs the transfer of documents between servers and Web clients.

Hypertext Transfer Protocol Secure: (HTTPS) The version of the Hypertext Transfer Protocol (HTTP) that provides secure communication.

IBAN: International bank account number.

ICC: International Chamber of Commerce.

ICC Court: The ICC International Court of Arbitration.

ICP: See indirectly connected party.

ICSD: See international central securities depository.

Immediate liquidity transfer order: An instruction to transfer a specified amount of money from one cash account to another cash account in real-time (i.e.) immediately on receipt of the instruction.

Incident: An event which is not part of the standard operation of the T2S service and which causes, or may cause, an interruption or a reduction of the quality of that service.

In-CSD: See contracting CSD.

Indirectly connected party: (ICP) A CSD participant or payment bank which uses the technical interface of its contracting CSD or central bank to access T2S Services.

Information security: The preservation of the confidentiality, integrity and availability of information (see also T2S information security).

Information security event: An identified occurrence of a system, service or network state indicating a possible breach of information security policy or failure of safeguards, or a previously unknown situation that may be security relevant.

Information Security Framework: See T2S Information Security Framework.

Information security incident: A single unwanted or unexpected information security event, or a series of such events, that has a significant probability of compromising business operations and threatening the preservation of the confidentiality, integrity and availability of information.

Information security management: The continuous process of identifying potential threats, verifying whether security controls are comprehensive and effective and minimising or addressing security risks in line with pre-defined risk tolerance levels.

Information Security Policy: See T2S Information Security Policy.

Information security risk assessment: A documented process following the risk management procedure and presenting the prevailing status of risks in relation to the security requirements.

Information security risk evaluation table: (ISRET) A table generated as part of the information security risk assessment. It provides the likelihood of each threat for which not all the relevant controls are implemented and effective, as well as the impact of the threat, taking into account the non-compliant controls.

Information security risk management: The on-going process of risk assessment (i.e. evaluation of the impact or system criticality, and of the likelihood of loss/damage) leading to the definition of security requirements and the additional mitigation (by safeguards) and/or acceptance of remaining risks.

Information security risk treatment plan: (ISRTP) A table containing the proposed treatment (i.e. a mitigation measure or acceptance) for all the risks listed in the information security risk evaluation table.

Information Security Sub-group: (ISSG) The group established by and subordinate to the Project Managers Group and composed of representatives from the Eurosystem, CSDs and central banks that ensures that the information security measures continue to adequately address the risks to which T2S is exposed, and which monitors the compliance of T2S with the Information Security Policy.

Information Technology Infrastructure Library (ITIL): (ITIL) 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.

In-out T2S settlement: A transaction, where one party to the settlement holds a securities account with a CSD in T2S, but the other party does not.

Insolvency event: A collective judicial or administrative proceeding, including an interim proceeding, in which the assets and affairs of a contracting CSD are subject to control or supervision by a court or other competent authority for the purpose of reorganisation, winding up or liquidation.

Instructing party: An entity that is the originator of a settlement instruction either on its own behalf or on behalf of its clients.

Instruction amendment: A manual or automated update of a value in an attribute of a settlement instruction in a securities settlement system.

Instruction enrichment: The setting of values for attributes of a settlement instruction with null values from reference data or through calculation algorithms through a manual or automated process.

Intended settlement date: The date on which the parties to a securities transaction agree that settlement is to take place. This is also referred to as the contractual settlement date or the value date.

Intermediary CSD: A third party CSD facilitating the transfer of securities between two CSDs that do not have a direct relationship with each other.

International central securities depository: (ICSD) A central securities depository (CSD) providing clearing and settlement facilities for trades in international securities and in various domestic securities.

International Securities Identification Number: (ISIN) A code uniquely identifying a specific security, based on the ISO 6166 standard. The number consists of 12 digits, with the first two digits containing the ISO 3166 country code, followed by 9 NSIN digits (national security identification number) and a final check digit.

Intra-CSD transaction: A transaction for which both parties involved have their securities accounts with the same CSD.

Intraday credit capacity: See T2S intraday credit capacity.

Investor CSD: A CSD that holds a security for which it is not the/an Issuer CSD. It holds these securities either directly or indirectly via one or more intermediaries at the/an Issuer CSD.

ISIN: See International Securities Identification Number.

T2S Glossary

ISO: International Organization for Standardization.

ISO 20022: The international standard for financial services messaging, maintained by the International Organization for Standardization (ISO).

ISRET: See information security risk evaluation table.

ISRTP: See information security risk treatment plan.

ISSG: See Information Security Sub-group.

Issuance account: A securities account usually used to keep securities being issued by an issuer in a CSD before their final distribution to the relevant safekeeping accounts of their entitled holders. This is the only securities account allowed to have a negative balance when the securities are distributed.

Issuer CSD: A CSD in which securities are issued (or immobilised). The issuer CSD opens accounts allowing investors (in a direct holding system) and/or intermediaries (including investor CSDs) to hold these securities.

ITIL: See Information Technology Infrastructure Library.

Key Performance Indicator: (KPI) A metric that is used to help monitor a process, IT service or activity (see also T2S Key Performance Indicator for the specific use in T2S).

KPI: See Key Performance Indicator.

LCMM: See Life Cycle Management and Matching Domain.

Licence Agreement: See Network Provider Licence Agreement.

Life Cycle Management and Matching Domain: (LCMM) A domain of T2S managing the business validation, matching and maintenance (amendments, cancellation and other status transitions) of settlement instructions and settlement restrictions.

Liquidity Management Domain: (LQMG) A domain of the T2S platform dealing with all the activities related to cash transfers between RTGS accounts and T2S dedicated cash accounts as well as between two T2S dedicated cash accounts. See T2S General Functional Specifications.

Liquidity transfer order: An instruction to transfer a specified amount of money from one cash account to another cash account.

Liquidity transfer utility: A tool for injecting liquidity to the dedicated cash accounts and for providing a response to outbound liquidity transfers that T2S actors use to emulate an RTGS system during User Testing.

Live-timing schedule: The schedule of the T2S settlement day for a test environment that is the same as the schedule of the T2S settlement day for production.

Locked-in instructions: Settlement instructions that are blocked for all processing except settlement. It is not possible to modify, cancel or hold locked-in instructions. This term is used exclusively in the context of settlement processing.

LQMG: See Liquidity Management Domain.

Main position: A securities position in a securities account that is not subject to any blocking, reservation or earmarking.

T2S Glossary

Maintenance window: Period for system maintenance during which T2S is scheduled to be unavailable, as defined by the schedule of the T2S settlement day.

Major incident: An incident which may result in significant disruptions of business operations.

Manual of Operational Procedures: (MOP) The document that describes the operational procedures to be applied by all T2S actors, aimed at ensuring the smooth conduct of daily operations and at minimising the duration and impact of service interruptions or deteriorations.

Markets in Financial Instruments Directive: (MiFID) Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments.

Market-specific attribute: (MSA) An additional data field that a CSD or a central bank can add to party, securities account and securities reference data to fulfil specific requirements for the validation and processing of settlement instructions.

Matching: The process of comparing the settlement details provided by the buyer and the seller of securities in order to ensure that they agree on the settlement terms of the transaction.

Member State: A state which is a member of the European Union.

Message subscription: A service that allows CSD, central bank or other authorised interested party with direct connectivity to T2S to subscribe, based on a set of predefined parameters, to copies of messages sent between a directly connected T2S party and T2S in real time using push-mode messaging.

Message validation service: A service that the Eurosystem provides for CSDs and central banks to enable them to send messages for validation of their business payload to T2S before the start of user testing in order to assess whether their adapted IT platforms generate messages correctly.

MIC: See Migration Information Centre.

MiFID: See Markets in Financial Instruments Directive.

Migration Information Centre: (MIC) An online tool providing CSDs and central banks with migration-related information (e.g. status of activities and background documents) for monitoring and coordination purposes during the pre-migration phase, migration weekend and stabilisation phase.

Migration period: The period beginning on the date on which the T2S Board confirms that the T2S production environment is ready for CSDs and central banks to connect and ending on the date on which all contracting / participating CSDs have migrated to T2S.

Migration Sub-group: (MSG) The group established by and subordinate to the Project Managers Group and composed of representatives from the Eurosystem, CSDs, central banks and a group of "observers" that prepares plans, coordinates, monitors and reviews migration activities to ensure that CSDs, central banks and their respective user communities are ready to migrate to T2S.

Migration Synchronisation Point: (MSP) A milestone during the migration weekend reached when all T2S actors have completed their respective tasks according to the Migration Weekend Playbook.

Migration testing: A set of tests with the objective of providing certainty that the CSDs, central banks and related user communities of a certain migration wave can migrate to T2S within the period of a weekend and that their respective communities are ready for production.

Migration toolkit: The set of tools, reports and queries used to support the migration of a CSD or central bank to T2S and the execution of contingency procedures during the migration.

Migration weekend: The weekend when the CSDs and central banks of a migration wave migrate to T2S, i.e. when the CSDs transfer the dynamic data from their current settlement systems to T2S with the support of the Eurosystem. From the migration weekend onwards, the securities settlement business of those CSDs will take place on the T2S platform.

Migration weekend dress rehearsal: A test to simulate a migration weekend involving all participants of a migration wave, conducted on a weekend, based on the Migration Weekend Playbook, and using the full production data of the CSDs and central banks concerned. The weekend is followed by a number of test operational days, as agreed by those taking part.

Migration Weekend Playbook: The description of all activities, deadlines, checkpoints, communications and contact details that are applicable during a migration weekend, covering the period between the end of the last business day outside T2S of the CSDs and central banks concerned and the end of their first business day in T2S.

Migration weekend rehearsal: A test by the CSDs and central banks of a migration wave conducted during the week and in which the migration weekend is simulated based on the Migration Weekend Playbook and using a limited set of static and transactional data, with the objective of ensuring that the migration weekend will be properly orchestrated. The test is followed by a number of test operational days, as agreed by those taking part.

Mock entity: A fictitious system entity configured in T2S with a unique identifier to simulate a CSD or central bank during segregated testing, in order to enable CSDs and central banks to conduct testing activities with mock entities representing their CSD or central bank counterparts.

MOP: See Manual of Operational Procedures.

MQ: Message queue.

MSA: See market-specific attribute.

MSG: See Migration Sub-group.

MSP: See Migration Synchronisation Point.

Multilateral Interoperability testing stage: The stage of user testing in which the CSDs and central banks of a migration wave begin to test their settlement links and other interactions with each other, and with the CSDs and central banks of previous migration waves, if required.

National User Group: (NUG) A forum for communication and interaction between providers and users of securities settlement services within their national market, in order to support the development, implementation and operation of T2S and to assess the impact of T2S on the national markets. The National User Groups are typically chaired by the respective national central banks.

NCB: National central bank.

NECSG: See Non-euro Currencies Steering Group.

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 in the course of the business day.

Netting: In the context of clearing or settlement systems, the agreed offsetting of mutual obligations by participants in a system. This process involves the calculation of net settlement positions and their legal reduction to a (bilateral or multilateral) net amount.

Network Provider Licence Agreement: The contract signed by the Banca d'Italia in the name and on behalf of the Eurosystem and by each Network Service Provider, which contains the requirements which the latter has to fulfil to be entitled to deliver connectivity services to the Eurosystem and to the directly connected T2S actors.

Network Service Provider: (NSP) See T2S Network Service Provider.

NFT: See non-functional testing.

Night-time settlement: (NTS) A process that takes place during the night that attempts to settle and possibly settles in advance all instructions to be considered for settlement during the next calendar day.

Non-euro area NCB: The NCB of an EU Member State whose currency is not the euro or of a country that is outside the EU.

Non-euro central bank acceptance testing: The process whereby a connected non-euro area NCB assesses the compliance of the relevant T2S services with T2S Currency Participation Agreement (CPA) Schedule 5 and the T2S scope-defining set of documents, as set out in CPA Article 13 and in CPA Schedule 3.

Non-euro Currencies Steering Group: (NECSG) The T2S Governance body which, with respect to a set of matters stipulated in the Currency Participation Agreement (CPA), makes resolutions and delivers opinions on behalf of the non-euro area NCBs that have signed the CPA. The NECSG mandate is annexed to Schedule 8 (Governance) of the CPA.

Non-functional testing: (NFT) Tests not related to the functional tests and composed of the following tests as defined in the General Technical Design document: performance and stress tests, business continuity tests and security tests.

Non-fungible Securities: Financial instruments held and transferred as separately identifiable instruments. Holdings of non-fungible securities are not interchangeable even though the instruments have identical characteristics.

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.

Non-repudiation of emission: (NRE) 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.

Non-repudiation of origin: (NRO) 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.

Non-trade related instructions: Settlement instructions related to any event other than trading activities, such as corporate actions or securities lending operations.

Notification: See change notification

NRE: See non-repudiation of emission.

NRO: See non-repudiation of origin.

NSP: See T2S Network Service Provider.

NTS: See night-time settlement.

T2S Glossary

NUG: See National User Group.

OMG: See Operations Managers Group.

Opening day: See T2S opening day.

Operating day: See T2S operating day.

Operational phase: The period when the full scope of T2S services is operational in the T2S production environment, and beginning on the T2S go-live date.

Operational risk: The risk of loss resulting from human error, inadequate or failed internal processes and systems, or external events.

Operational Services Domain: (OPSR) A domain of T2S managing the scheduling of processing, monitoring the execution of processing and managing the billing of services and the data migration.

Operations Managers Group: (OMG) The group established by the Steering Level and composed of the relevant T2S Actors that develops and maintains the Manual of Operational Procedures, meets to review the T2S service performance against the Service Level Agreement and coordinates the management of operational incidents.

OPSR: See Operational Services Domain.

Optimisation cycle: A recurrent process in a payment or securities settlement system which determines the order in which payments are accepted for settlement. Optimisation routines are used to improve system liquidity and increase settlement efficiency. Such processes detect and resolve settlement gridlocks with a view to settling new transactions as well as transactions that could not settle in an earlier attempt.

Optimisation routine: A procedure determining the order in which transfer orders are to be processed and settled in a transfer system in order to increase settlement efficiency.

Out-CSD: See external CSD.

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.

Participating CSD: A CSD that has signed the T2S Framework Agreement (also referred to as "contracting CSD" or "in-CSD").

Party: See T2S party.

Payment bank: (PB) A commercial bank used to effect money settlements. In the context of securities settlement, a payment bank provides cash on behalf of a CSD participant to support the settlement of securities.

Payment capacity: The ability of a settlement bank to fund its purchases based on its relevant aggregate position on central bank money accounts as well as its potential T2S intraday credit from its national central banks against available eligible collateral.

Payment free of delivery: (PFoD) A transfer of funds without a simultaneous delivery of securities in return.

PB: See payment bank.

Pending settlement instruction: A settlement instruction that is awaiting settlement.

PFoD: See payment free of delivery.

Pilot Testing phase: A phase that allows CSDs of migration wave 1 and central banks to start their user testing prior to the start of the bilateral interoperability testing stage, as defined by Synchronisation Point 8.

PKI: See public key infrastructure.

Pledge: The delivery of assets in order 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 (a "lien") in the assets delivered, while ownership of the assets remains with the debtor.

Pledge-sub: Pledge that takes place in a sub-position of the same account.

PMG: See Project Managers Group.

PMSP: See Pre-migration Synchronisation Point.

Posting: The action of updating a securities holding or cash balance by debiting and/or crediting an account.

PPSA: See pre-production security assessment.

Predefined liquidity transfer order: An instruction to transfer a specified amount of money from one cash account to another, to be executed only once at a defined time or at the time of a specific event.

Pre-emption: See T2S pre-emption mechanism.

Pre-migration Dress Rehearsal: The test of the pre-migration activities with the full set of static data to be migrated to T2S and following the pre-migration schedule.

Pre-migration Phase: The period prior to a migration weekend when the CSDs and central banks initially load and maintain their static data on the production environment.

Pre-migration rehearsal: The test that simulates the pre-migration activities of T2S with a limited set of static data (i.e. a reduced number of records or entities) and following the pre-migration schedule.

Pre-migration schedule: The detailed sequence and timing of activities that are needed prior to each migration wave to set up and upload to the T2S production environment the static data of the CSDs, central banks and their community involved in the migrating wave.

Pre-migration Synchronisation Point: A milestone during the pre-migration phase reached when all T2S actors have completed their respective tasks according to the pre-migration schedule.

Pre-production security assessment: (PPSA) A full risk assessment of the T2S platform against the security requirements and controls, performed before the go-live date.

Pricing: The set of rules and procedures that is applied to price the T2S services and T2S-related services provided by the Eurosystem, as described in T2S Framework Agreement Schedule 7 (Pricing).

Prioritisation: The possibility for CSDs and instructing parties to indicate the order of priority in which settlement processing is to attempt the settlement of eligible settlement instructions.

T2S Glossary

Privilege: A right, either granted or denied, to execute certain functions within an application or to access and/or update certain data.

Problem: An abnormal state or condition at the component, equipment, or sub-system level, which may lead to a failure in T2S that produces incorrect or unexpected results, showing a discrepancy between the relevant specifications and the actual results.

Problem Management: The process in ITIL to resolve the root causes of an incident/problem to prevent a reoccurrence, thus improving service quality and minimising disruptions in the provision of services.

Process indicator: The attributes of a settlement instruction that determine whether the instruction is relevant for a specific action or activity in T2S (e.g. partial settlement, auto-collateralisation).

Project Managers Group: (PMG) The group established by the Steering Level and composed of project managers from the contracting CSDs, euro area NCBs, non-euro area NCBs, the ECB and the 4CB that coordinates and monitors activities to ensure that the initial release as well as subsequent releases of T2S go live, as specified in T2S Framework Agreement Schedule 2 (T2S Programme Planning and Monitoring), 3 (User Testing) and 4 (Migration).

Provision checking: See provisioning.

Provisioning: The process that verifies whether or not sufficient funds are available to the buyer or sufficient securities are held by the seller to settle a transaction.

Public key infrastructure: (PKI) A system that manages encryption keys and identity information for the human and mechanical components of a network to provide secure communications.

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.

Purge facility: A software tool for physically deleting transactional and/or static data of a system entity or group of system entities from a test environment.

Purging: The process of physically deleting transactional and/or static data of a system entity or group of system entities from a production or a test environment.

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.

Query: A real-time function to retrieve information from a database using selection criteria to fulfil ad hoc information demands.

R&O: Recycling and optimisation module. See recycling and see optimisation cycle.

RBAC: See role-based access control.

Real-time gross settlement: (RTGS) A continuous process that settles or attempts to settle instructions that are eligible for settlement on a transaction-by-transaction basis.

Real-time gross settlement system: (RTGS System) A settlement system in which processing and settlement take place on a transaction-by-transaction basis in real-time.

Real-time settlement: (RTS) The continuous process in T2S that settles or attempts to settle instructions that are eligible for settlement on a transaction-by-transaction basis.

T2S Glossary

Receive free of payment: (RFoP or RFP) A receipt of securities which is not linked to a corresponding transfer of funds.

Recovery point objective: (RPO) 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.

Recovery time objective: (RTO) The maximum amount of time required to restore one or more applications and associated data back to a correct operational state.

Recycling: The resubmission of failed, matched settlement instructions for a new settlement attempt, when still eligible for settlement, or the reintroduction of an unmatched settlement instruction into the matching process after the previous matching attempt has failed.

Recycling period: The standard number of working days after the intended settlement date or the date of the last status change that an unmatched settlement instruction remains available for matching.

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.

Regulatory body: Any entity entrusted with regulatory, supervisory or oversight authority.

Release: A collection of hardware, software, documentation, processes or other components required to implement one or more approved changes to IT services. The contents of each release are managed, tested, and deployed as a single entity. See also T2S Release.

Release day schedule: The schedule of the T2S operational day on a test environment for a day when a deployment of a bug fix release can occur.

Repo: See repurchase agreement.

Report: An event-driven or time-triggered publishing of information in a defined standard format to specific recipients.

Report configuration: Action of setting up preferences about which reports the user would like to receive by when.

Repurchase agreement: The process of borrowing money by combining the sale of an asset (usually a fixed income security) with the subsequent repurchase of that same asset on a specified date for a slightly higher specified price (which reflects the borrowing rate).

Request for proposal: A written request asking contractors to submit specifications and prices that fit the customer's requirements.

Reservation of cash balance: The process of preventing the transfer of a specified amount of funds in a specific currency in one cash account to any other cash account except for the purpose for which the funds were reserved. The settlement of the underlying settlement instruction results in the actual transfer of the reserved funds to another cash account and in the subsequent removal of the reservation. It is possible to reserve an amount greater than the balance on the cash account. When a reservation results in a negative cash amount, all incoming cash is reserved automatically until the amount of the reservation is filled.

Reservation of securities position: A process which prevents the transfer of a securities position in a specific security in one securities account to any other securities account except for the purpose for which the position was reserved. The settlement of the underlying settlement instruction results in the actual transfer of the reserved holdings to another securities account and in the subsequent removal of the reservation. It is possible to reserve a position greater than the securities position on the securities account. When a reservation is greater than the securities position, all incoming securities are reserved automatically until the quantity of the reservation is filled.

Residual risk: The risk remaining after risk treatment.

Restricted position: A securities position that is blocked, earmarked or reserved for a specific use.

Restriction type: T2S concept allowing either to prevent settlement or to restrict the use of securities positions or cash balances for specific purposes.

RET: See information security risk evaluation table.

Retention period: The parameter that specifies the number of calendar days (from the logical deletion of a static data object or since transactional data reached their final status) that T2S waits before archiving these data and physically deleting them from the operational database.

Retrofit: A software bug fix that has already been deployed in a test environment or in the production environment to remedy critical incidents and which must now be deployed in all other test environments and/or in the production environment as part of the next software release in order to align the software versions and to avert software regression.

RFoP: See receive free of payment.

RFP: See receive free of payment, or request for proposal.

Risk analysis: The systematic use of information to identify sources of risk and to estimate the magnitude and impact of such risk.

Risk evaluation table: (RET) See information security risk evaluation table.

Risk treatment: The process of selection and implementation of measures to modify risk. [ISO Guide 73:2002].

Role-based access control: (RBAC) A technical means for controlling access to computer resources based on the roles that individual users have in an organisation.

RPO: See recovery point objective.

RTGS: See real-time gross settlement.

RTO: See recovery time objective.

RTS: See real-time settlement.

Scalability: The ability of an IT service, process, configuration item, etc. to perform its agreed function when the workload or scope changes.

SDMG: See Static Data Management Domain.

Secure socket layer: (SSL) Cryptographic protocol designed to provide communication security over the internet.

Securities collateral substitution: The process by which an institution replaces securities, which have previously been provided as collateral, with other securities of at least equivalent market value.

Securities position: The amount of securities held in a securities account.

Securities reference data: The business information for a financial instrument, excluding any CSD-specific attributes, coming under the responsibility of the securities-maintaining entity and available to all participating CSDs, that T2S stores and requires for processing all operations related to settlement instructions.

Securities settlement fail: A securities settlement instruction that does not settle on the intended settlement date owing either to a lack of securities on the seller side or to an insufficient payment capacity on the buyer side.

Securities settlement system: (SSS) A system as defined in Article 2(a) of Directive 98/26/EC for the execution of transfer orders related to title to or interest in a security or securities by means of a book entry on a register or otherwise.

Securities transaction: See settlement transaction.

Security assessment: See information security risk assessment.

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.

Security device: A token or a smart card used to secure the access to a platform.

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.

Security-maintaining CSD: A CSD assigned with the responsibility for maintaining the reference data for a security in T2S.

Security-maintaining entity: An entity, typically a CSD, which has been assigned the responsibility for maintaining the reference data for a security in T2S.

Segregation: See segregation of holdings.

Segregation of holdings: A method of protecting a client's assets by holding them separately from those of the custodian and other clients.

Sequencing: See T2S sequencing.

Service Desk: See T2S Service Desk.

Service level: The measured and reported achievement against one or more service level targets.

Service Level Agreement: (SLA) See T2S Service Level Agreement.

Service level management: (SLM) See T2S service level management.

Service level target: A commitment that is documented in the Service Level Agreement. Service level targets are based on the service levels required to meet business objectives.

SETT: See Settlement Domain.

T2S Glossary

Settlement agent: An institution which manages the settlement process (e.g. the determination of settlement positions, monitoring the exchange of payments and securities, etc.) for transfer systems or manages other arrangements which require settlement, and provides related services.

Settlement bank: A financial institution that has both cash and securities accounts for the purpose of settling securities transactions for itself and on behalf of others.

Settlement confirmation: A status advice sent to the instructing party either as a message or in a report to inform it that an instruction settled.

Settlement currency: Currency of the funds exchanged in a settlement instruction. See also T2S settlement currency.

Settlement day: See T2S settlement day.

Settlement Domain: (SETT) A domain of T2S managing the submission of eligible settlement instruction to settlement engine, the auto-collateralisation processes and the posting of settlement transactions.

Settlement efficiency: The comparison of the number of settled transactions with the total number of transactions, with the aim of identifying the portion of transactions that failed to settle on the intended settlement date.

Settlement eligibility: A settlement instruction that has reached its settlement date, is not on hold, linked or subject to restrictions and can be submitted to the settlement process for provisioning and booking.

Settlement fail: See securities settlement fail.

Settlement failure: See securities settlement fail.

Settlement finality: (SF) See finality of settlement instruction.

Settlement Finality Directive: 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.

Settlement instruction: An order, originating from both trading and non-trading operations, to deliver or receive securities (or rights in securities) with or without paying an amount of money to an ultimate beneficiary on behalf of an originator. In the event of a sale, the buyer of the securities will need to provide the "receive instruction" while the seller will need to provide the "delivery instruction".

Settlement instruction life cycle: The successive steps through which a settlement instruction can go between being entered into the system and its final settlement or cancellation.

Settlement instruction validation: The process of verifying the correctness of the business content of a settlement instruction.

Settlement restriction: A type of instruction used in T2S to move an amount of securities in a securities account to a specific sub-position type in the same securities account or an amount of funds in a dedicated cash account to a specific sub-balance type in the same dedicated cash account for the purpose of blocking (securities and/or funds), reservation (securities and/or funds) or earmarking (only securities).

Settlement transaction: A matched pair of settlement instructions.

SFD: See Settlement Finality Directive.

SLA: See T2S Service Level Agreement.

T2S Glossary

Slow motion schedule: The mode of scheduling of processes in a test environment when the schedule of one T2S settlement day is executed over several calendar days within the service hours of 07:00 to 19:00 CET.

SLS: Second level support.

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.

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.

SOD: Start of day.

Specification and development phase: See T2S specification and development phase.

SQRA: See Statistics, Queries, Reports and Legal Archiving Domain.

SSL: See secure socket layer.

SSS: See securities settlement system.

Stabilisation phase: A period of generally up to four weeks after the go-live of a migration wave in T2S in which day-to-day operations in the production environment are stabilised, ending through a formal decision by the Project Managers Group after confirmation of stability by the Operations Managers Group and after consultation of both the User Testing and Migration Sub-groups.

Standard day schedule (for test): The schedule of the T2S settlement day for a test environment on a day when a synchronisation of the scheduling between T2S and TARGET2 is not required.

Standing liquidity transfer order: See T2S standing liquidity transfer order.

Static Data Management Domain: (SDMG) A domain of T2S that provides users with an interface allowing the creation, updating and deletion of static data related to parties, securities, securities accounts, T2S dedicated cash accounts and configuration rules and parameters.

Statistics, Queries, Reports and Legal Archiving Domain: (SQRA) A domain of T2S managing the data exploration services, which include statistics, queries, reports and legal archiving and which are carried out in accordance with the need in terms of time, scope and level of aggregation.

Steering Level: See T2S Steering Level.

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.

STP: Straight-through processing.

Synchronisation Point: (SP) A milestone in the T2S programme which is reached when one or more T2S actors have achieved mutually agreed objectives.

Synchronised standard day schedule: The schedule of the T2S settlement day for a test environment on a day when a synchronisation of the scheduling between T2S and TARGET2 is required.

System entity: See T2S system entity.

T2: See TARGET2.

T2S: See TARGET2-Securities.

T2S actor: Either a contracting/participating CSD, CSD participant (a legal entity or, as the case may be, an individual) having a contractual relationship with the CSD for the processing of its securities settlement-related activities in T2S, a central bank, whose currency is available for settlement-related processing in T2S, or a client of a central bank having a contractual relationship with the central bank for the processing of its settlement-related cash-processing activities in T2S.

T2S additional matching field: A non-mandatory matching attribute of a settlement instruction, which becomes a mandatory matching criterion when either of the parties to a settlement instruction provides a value for the attribute. See also T2S optional matching field.

T2S Advisory Group: (AG) The advisory group, composed of senior market representatives, set up for T2S. Its mandate and composition are defined in the Annex to Guideline ECB/2010/2.

T2S auto-collateralisation: For T2S purposes, auto-collateralisation only applies to secured credit received from the central bank. Auto-collateralisation with a payment bank is called client collateralisation. See also auto-collateralisation and T2S client collateralisation.

T2S Board: The Eurosystem management body established pursuant to Decision ECB/2009/6 which has the task of developing proposals for the ECB Governing Council on key strategic T2S-related issues and executing tasks of a purely technical nature in relation to T2S.

T2S change management process: A defined set of rules and set of sequenced activities to initiate a change to T2S services.

T2S client collateralisation: Credit provided by a payment bank to its clients in T2S through an auto-collateralisation mechanism.

T2S closing day: A day when T2S interfaces and processes are not available to T2S actors, with the exception of the T2S operator.

T2S cost recovery period: The period starting from the beginning of the T2S operational phase, i.e. from the go-live date, and ending when the Eurosystem has recovered the development and operational costs of T2S.

T2S data exchange protocol: (T2S DEP) The set of conventions based on the data exchange protocol that governs the exchange of information between T2S and the T2S Network Service Providers.

T2S Day-time settlement: A continuous real-time process in T2S executed after the night-time settlement and before the end-of-day processing which settles or attempts to settle all eligible securities settlement transactions.

T2S dedicated cash account: (T2S DCA) A cash account in T2S operated by a central bank.

T2S dedicated cash account holder: (DCA holder) A bank that has dedicated cash account in T2S with a central bank.

T2S development phase: The period during which the Eurosystem establishes the specifications of T2S, develops and tests it, and establishes its operational framework; this period ends on the date when the ECB Governing Council decides that the full scope of T2S services, as documented in T2S Framework Agreement Schedule 5 (T2S Service Description), are operational in the T2S production environment.

T2S Glossary

T2S eligible NCB: A national central bank participating to T2 or whose currency is available for settlement in T2S.

T2S go-live date: The first settlement day after the first participating CSD(s) has (have) migrated to T2S.

T2S governance: Set of rules and procedures concerning the management of T2S Services, including the related decision-making of the parties involved in T2S, as specified in the Framework Agreement Schedule 8 (Governance).

T2S governance bodies: With regard to T2S and without prejudice to the ultimate decision-making powers of the ECB Governing Council and the decision-making bodies of the non-euro area NCBs, the governance bodies comprise (i) the T2S Board, (ii) the CSD Steering Group, (iii) the Non-euro Currencies Steering Group, (iv) the Governors' Forum, (v) the Advisory Group and (vi) the National User Groups, as defined in the Framework Agreement and the Currency Participation Agreement.

T2S Guidelines: Guideline ECB/2010/2 of 21 April 2010 on TARGET2- Securities (OJ L 118, 12.5.2010, p. 65).

T2S hold and release mechanism: A process via which a CSD or instructing party may block a pending settlement instruction from settlement (block) or remove a block on a pending settlement instruction (release).

T2S information security: The set of requirements and procedures described in Framework Agreement Schedule 10 (Information Security) and based on International Organization for Standardization (ISO) Standard 27002:2005, for safeguarding the integrity, confidentiality and availability of the T2S information and T2S services.

T2S Information Security Framework: The policies, procedures, guidelines, practices and organisational structure, based on the standard ISO 27002:2005, that safeguard the integrity, confidentiality and availability of T2S information and T2S services.

T2S Information Security Policy: The principles and rules that apply to protecting the confidentiality of information in T2S and to preventing disclosure, misuse, loss, unauthorised access, modification or deletion of information in T2S.

T2S intraday credit capacity: The total amount of funds that a client will be able to borrow (usually against collateral) from central banks and commercial banks to support its settlement activity.

T2S Key Performance Indicator: (T2S KPI) A metric used to quantify the performance of the T2S services and the compliance of the T2S services with the Service Level Agreement.

T2S Network Service Provider: (T2S NSP) 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 T2S actors and T2S.

T2S opening day: See T2S settlement day.

T2S Operating day: A day during which any subsets of T2S processes are available to T2S actors (as opposed to a normal settlement day, when some subsets may be unavailable).

T2S operational risk: See operational risk.

T2S operator: The legal and/or organisational entity/entities that operates/operate the T2S Platform. As part of an internal distribution of work within the Eurosystem, the Governing Council entrusted the 4CB with operating T2S on behalf of the Eurosystem.

T2S Glossary

T2S optional matching field: A non-mandatory matching attribute of a settlement instruction, which becomes a mandatory matching criterion when both parties to a settlement instruction provide a value for the attribute in their settlement instructions. See also T2S additional matching fields.

T2S Party: Any legal entity or organisation interacting with T2S either directly or indirectly (i.e. through a CSD or CB in T2S).

T2S platform: See TARGET2-Securities.

T2S pre-emption mechanism: A mechanism to reserve incoming securities or funds to enable the settlement of a specific settlement instruction.

T2S Principles: The General Principles governing the development and operation of T2S, as approved by the ECB Governing Council on 26 April 2007 and documented in the User Requirements Document.

T2S release: A collection of authorised changes implemented via a new software release, which typically consist of enhancements to the T2S services and a number of defect resolutions which need to be implemented together for synchronisation reasons.

T2S release note: A note detailing the changes and/or enhancements provided by the Eurosystem in a new version of the T2S software and including a list of recommended regression tests for T2S actors. It also documents any known defects in the software release.

T2S scope-defining set of documents: The set of documents defining the scope of T2S, composed of the URD, the UDFS, the GUI Business Functionality, the GFS Functional Chapter, the Dedicated Link Connectivity Specifications and the Data Migration Tool Specifications and Related Procedures.

T2S security requirements and controls: (T2SSRC) A comprehensive risk management framework, based on information security standard ISO/IEC 27002:2005, which identifies the requirements for establishing information security in T2S and indicates how these requirements can be met (i.e. via the controls).

T2S sequencing: The order automatically set by T2S, in which eligible settlement instructions are processed by the T2S settlement module.

T2S Service Desk: Single point of contact for the CSDs, the non-euro area CBs making their currency available to T2S, the Eurosystem CBs, the DCPs and the NSPs for handling all incidents, queries and requests related to T2S operational, functional or technical issues. For all cash-related issues, with the exception of connectivity issues, the TARGET2 Organisational Framework applies.

T2S Service Level Agreement: (SLA) The agreement defining the service levels, measured against agreed KPIs (key performance indicators) where relevant, to be provided by the Eurosystem for the CSDs, as specified in T2S Framework Agreement Schedule 6 (T2S Service Level Agreement).

T2S service level management: The framework of the Eurosystem for specifying T2S services, and monitoring the agreed service levels for T2S.

T2S services: Services provided for CSDs by the Eurosystem on the basis of the Framework Agreement.

T2S settlement currency: A currency for which T2S provides settlement in central bank money on T2S dedicated cash accounts for securities transactions.

T2S Settlement day: A day on which T2S settlement takes place according to the daily processing schedule.

T2S Glossary

T2S specification and development phase: The period beginning with the approval of the T2S User Requirements Document by the ECB Governing Council and ending with the start of the operational phase of T2S.

T2S Specifications: The set of documents which, when added to the T2S scope-defining set of documents, provides a full description of T2S. This includes the GFS non-functional chapters.

T2S stakeholder: Any organisation, legal entity, government entity, public or private interest group, or individual that has a valid interest in the outcome of the T2S project and the governance and operation of T2S.

T2S standing liquidity transfer order: An instruction to transfer a specified amount of money from one cash account to another, to be executed on a regular basis at a defined time or at the time of a specific event in the T2S processing cycle until the order is changed.

T2S Steering level: The T2S Board (which is responsible for tasks delegated by the ECB Governing Council), the CSD Steering Group (CSG) and the Non-euro Currencies Steering Group (NECSG), as specified in T2S Framework Agreement Schedule 8 (Governance).

T2S system entity: Either the T2S operator or a CSD or NCB for which a segregation of processing capabilities and data are required.

T2S system status message: Information sent to a CSD, a central bank or directly connected T2S party as to the state of a T2S application, process or event.

T2S system user: An individual or a technical process/application that can log into T2S with a login name and password. For example, a user may be an individual who has interactive access to T2S online functions or an application programme that requests services from T2S.

T2S Terms of Use: The terms of use established by the Eurosystem for access to the T2S platform by directly connected parties.

T2S Threat Catalogue: An inventory of relevant threats to the T2S platform, which serves as the basis for the specification of appropriate security controls and, at a later stage, the evaluation of residual risks in terms of impact and likelihood.

T2S trouble management system: (T2S TMS) A software application used by the T2S Service Desk to manage the life cycle of incidents, problems and service requests.

T2S user: A CSD participant (a legal entity or, as the case may be, an individual) having a contractual relationship with the CSD for the processing of its securities settlement-related activities in T2S, or a payment bank i.e. a client of a central bank (whose currency is available for settlement-related processing in T2S) having a contractual relationship with the central bank for the processing of its securities settlement-related cash-processing activities in T2S.

TARGET2: (T2) 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).

TARGET2-Securities: (T2S) The set of hardware, software and other technical infrastructure components through which the Eurosystem provides the services for CSDs and central banks that allow core, neutral and borderless settlement of securities transactions on a DvP basis in central bank money.

Technical acceptance of settlement instruction: The step in which T2S accepts a settlement instruction for further processing after verifying that it fulfils the required technical standards.

T2S Glossary

Technical issuer CSD: A CSD with which the security holdings of the participants of an investor CSD are deposited.

Test case: A set of test inputs, execution conditions and expected results to verify the compliance of the software with the requirements.

Test cycle: Execution of a set of test scenarios across one or more business days.

Test scenario: A set of test cases with the purpose of validating a process end-to-end.

Testing stage entry criterion: A criterion that either the Eurosystem, a CSD or a central bank must fulfil to start a new testing stage.

Testing stage exit criterion: A condition that either the Eurosystem, a CSD or a central bank must fulfil as a prerequisite to concluding a testing stage.

Testing stage transition: The user testing activity in which the Eurosystem, CSDs and central banks assess whether the exit criteria of the current stage of user testing and/or the entry criteria for the next stage of user testing are fulfilled.

Testing support and coordination team: (TSC) A dedicated user testing coordination and support team at the ECB that ensures adequate coordination between testing entities and the optimal functioning of the User Testing Sub-group.

TFEU: Treaty on the Functioning of the European Union.

Threat: A potential cause of an unwanted incident, which may result in harm to a system or organisation.

Threat Catalogue: See T2S Threat Catalogue.

TLS: See transport layer security.

TMS: See T2S Trouble Management System.

Tolerance amount: The acceptable difference in the counter-value in currency allowed in the matching of the DvP settlement instruction of the deliverer with that of the receiver of securities.

Trade-related instructions: Settlement instructions, resulting exclusively from trading activities.

Transport layer security: (TLS) The enhancement of the secure sockets layer (SSL) protocol for internet-based communications security.

Triple data encryption standard: (3DES) A common method to increase encryption security by applying three times to each block of data the transformation specified by a symmetric key.

Trouble Management System: (TMS) See T2S Trouble Management System.

U2A: See user-to-application.

UDFS: See User Detailed Functional Specifications.

UNIFI: See universal financial industry message scheme.

Unilateral cancellation: A process that revokes an unmatched individual settlement instruction.
Universal financial industry message scheme: (UNIFI) Another name for ISO 20022.

Unsecured credit limit: The cap on unsecured credit in T2S that the payment/settlement bank sets for its client. The external guarantee limit and the unsecured credit limit are identical from the T2S viewpoint, except for the sequence in which they are triggered. Usage of the unsecured credit limit is triggered after client collateralisation.

UPS: Uninterruptible power supply.

URD: See User Requirements Document.

Use case: An interaction between a user and a system or a component within a system which is achieved by defining the discrete goal that the user wants to achieve within the system, without the requirement to reveal or to specify the system's internal structure.

User: See T2S user.

User Detailed Functional Specifications: (UDFS) A detailed description of the functions managing the T2S external data flows (from application to application). It includes the information necessary for the users to adjust or to develop their internal information system in view of connecting it to T2S.

User Handbook: (UHB) The document describing the way in which T2S users can make use of a number of T2S software functions that are available in a user-to-application (screen-based) mode.

User requirement: A condition or capability needed by a stakeholder to solve a problem or achieve an objective.

User Requirements Document: (URD) The document setting out the T2S user requirements, as published by the ECB on 3 July 2008 and as subsequently amended through the change and release management process.

User Testing Sub-group: (UTSG) The group established by and subordinate to the Project Managers Group and composed of representatives from the Eurosystem, CSDs, central banks and a group of observers that prepares, plans, coordinates, monitors and reviews user testing activities.

User-to-application: (U2A) A connectivity mode for the exchange of information between software applications of T2S and a T2S actor through a Graphical User Interface (GUI).

UTSG: See User Testing Sub-group.

Value-added network: (VAN) A network providing security services and operational services on top of basic network connectivity and messaging services.

VAN: See value-added network.

Vulnerability: A weakness of an asset or group of assets that can be exploited by a threat.

XML: See Extensible Mark-up Language.