

Glossary

ABS

short for: asset-backed security. Security that is collateralised by loans, leases, receivables, or instalment contracts on personal property, not real estate.

AIFMD

short for: Alternative Investment Fund Managers Directive. Designed to create a comprehensive regulatory and supervisory framework for Alternative Investment Fund Managers at European level.

AIM

short for: Alternative Investment Market. Market segment of the London Stock Exchange (LSE); aids smaller companies in raising capital needed for expansion.

AIMA

short for: The Alternative Investment Management Association.

Algorithmic trading

also: algo trading. Trading technique that involves the automatic output of buy and sell orders to the market by the participants' systems when predefined parameters are matched.

AMEX

short for: American Stock Exchange. Former US-American exchange located in New York; now a part of NYSE Euronext.

ASL

short for: Automated Securities Lending. Clearstream's securities lending system.

ASL+

short for: Automated Securities Lending Plus. Offers higher settlement efficiency compared to [ASL](#) while at the same time increasing portfolio yields; developed by Clearstream in cooperation with Citigroup Corporate and Investment Banking and UBS.

ASP

short for: application service provider. Service provider that offers a computer application via a network and attends to the whole administration.

ATP

short for: Automated Trading Programme. Computer programme that generates buy and sell orders and submits them to the exchange within the framework of [algorithmic trading](#). Depending on the degree of automation the computer can designate autonomously certain parameters of the order (settlement time, limit, volume etc.).

BaFin

short for: Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority); located in Bonn and Frankfurt/Main, BaFin supervises banks and financial services providers, insurers and securities trading.

Basel III

Recommendations by the Basel Committee on Banking Supervision at the Bank for International Settlements in Basel, Switzerland. The aim of the recommendations is to ensure the stability of the financial system. They update and supplement the regulatory framework for banks (Basel II recommen-

datations) that were resolved in 2004, especially to eliminate weaknesses of the framework which got visible during the global financial and economic crisis.

BBA

short for: British Bankers' Association. Locks up Libor, the reference interest rate for interbank trading.

BIS

short for: Bank for International Settlements; based in Basel.

BM & FBOVESPA

Brazilian stock and derivatives exchange, based in São Paulo; product of the 2008 merger of BM&F (Bolsa Mercadorias & Futuros) and Bovespa (Bolsa de Valores de São Paulo).

BRIC

short for: Brazil, Russia, India and China. The so-called emerging markets showing fast development and rapid economic growth.

Bridge

Electronic communications platform that facilitates the efficient settlement of securities transactions between counterparties at Clearstream Banking S.A., Luxembourg, and Euroclear Bank. Settlement of bridge transactions consist of the exchange of successive delivery and feedback files. The delivery files contain all delivery instructions from Clearstream to Euroclear participants that have been matched and for which there are sufficient holdings in the securities accounts of the delivering Clearstream customer (or the appropriate securities borrowing facilities in place). The feedback files indicate whether the proposed deliveries have been accepted or refused by Euroclear. When Clearstream receives the feedback files, it also receives Euroclear's delivery file. In the night-time processing cycle (Overnight Bridge), Clearstream and Euroclear exchange two successive delivery and feedback files, each delivery file being followed by a feedback file. The Automated Daytime Bridge enables the automatic settlement of securities transactions between Clearstream and Euroclear customers during the day as well, thus increasing the efficiency of the settlement process, especially same-day settlement.

BSE

short for: Bombay Stock Exchange. Indian stock exchange located in Mumbai (formerly Bombay) that formed a long-term technology alliance with Eurex in March 2013. BSE will therefore convert its trading architecture to the Eurex system.

BuBa

short for: Deutsche Bundesbank. National central bank of the Federal Republic of Germany, based in Frankfurt/Main.

CBF

short for: Clearstream Banking Frankfurt. Name registered with the commercial register: Clearstream Banking AG. Subsidiary of Clearstream International S.A., national central securities depository located in Frankfurt/Main, Germany. The abbreviation is normally only used internally.

CBL

short for: Clearstream Banking Luxembourg. Name registered with the commercial register: Clearstream Banking S.A. Subsidiary of Clearstream International S.A., international central securities depository located in Luxembourg. The abbreviation is normally only used internally.

CBoT

short for: Chicago Board of Trade. Derivatives exchange located in Chicago; has been a part of CME Group since 2007.

CC&G

short for: Cassa di Compensazione e Garanzia. Italian clearing house, domiciled in Rome; has been a part of LSE Group since 2007.

CCP

short for: Central Counterparty; also: clearing house. An institution that acts as a legal intermediary between the trading partners as a buyer or seller after a transaction has been completed, facilitating ([netting](#)), minimising the default risk of a contracting party (margining and collateralisation), and carrying out all process steps necessary for [clearing](#).

CDO

short for: collateralised debt obligation. Security backed by a portfolio of different financial assets. In the case of CDOs, these are typically claims based on corporate loans or bonds. The heart of a CDO is the so-called special purpose vehicle (SPV). The SPV's aim is to invest in as diversified a pool of assets as possible, and to manage these assets. This investment requires capital which is generated by the SPV through the emission of a CDO (re-financing construct). Investors in CDOs demand interest and redemption payments from the SPV, which are in turn paid for out of the pool's cash flow. Therefore, interest and redemption payments are very dependent on the performance of the pool. Usually, different security offerings with different yield and risk structures are created from a debt portfolio. Therefore, redemption payments for these offerings vary in the event of a default of one of the portfolio's debtors. As securities, CDOs are distinct from [derivatives](#).

CDP

short for: Carbon Disclosure Project. The Carbon Disclosure Project (CDP) is an independent, not-for-profit organisation which has the world's largest database of climate-relevant company information. It provides the data for the capital markets and the general public.

CDR

short for: central data repository. [TR](#)

CDS

short for: credit default swap. Separate asset class, which is part of the class of [OTC](#) derivatives. A CDS is a contract to purchase a derivative with the aim of transferring the credit risk of the [underlying](#) debt instrument. The buyer of a CDS receives credit protection and is compensated by the CDS seller in the event of default. In return, the seller receives periodic payments from the CDS buyer.

CeBM

short for: central bank money.

CEF®

Data stream provided by Deutsche Börse offering real-time data on international shares, futures and options contracts, bonds, [warrants](#), indices and exchange-traded index funds ([ETFs](#)). End users of the data packages are, for example, investment consultants, fund managers, trading departments at banks, and private investors.

CESR

short for: Committee of European Securities Regulators. Predecessor institution of the [ESMA](#).

Certificate

Debt instrument of an issuer that securitises investors' participation in the price performance of certain securities or other financial instruments. The holder of a certificate participates in the price performance of an [underlying](#) instrument. From a purely legal perspective, certificates are bonds and do not securitise any

ownership rights whatsoever in the company in question.

Cetip

short for: Câmara de Custódia e Liquidação. Brazilian central securities depository (CSD) and OTC clearing house. In the context of [Liquidity Hub GO](#) (Global Outsourcing), Cetip has been utilising Clearstream's collateral management system since 2011.

CFF®

short for: Central Facility for Funds. Post-trade infrastructure designed to provide greater efficiency and cost-effectiveness in the settlement and custody process. CFF allows the synchronous exchange of cash and securities between fund distributors and transfer agents, thus enabling settlement standards to be adopted that have long been established for other asset classes.

CFTC

short for: Commodity Futures Trading Commission. Independent US authority that regulates the futures markets in the USA. The CFTC's "no-action letter" dated August 1999 allows Eurex to admit US participants and defines the range of products that can be traded in the US.

Chicago PMI

short for: Chicago Purchasing Managers' Index; *also:* Composite Chicago Business Barometer. Indicator used for evaluating business activity in the USA; main indicator reported in the Chicago report, a monthly snapshot characterising US economic trends. In June 2011, Deutsche Börse acquired the assets of Kingsbury International, the original developer of the Chicago Business Barometer.

Clearing

The [netting](#) of receivables and liabilities arising from securities and derivatives transactions; determination of the bilateral net debt of buyers and sellers.

Clearing fund

Serves to protect all clearing members. The fund services to protect against unusual price movements not covered by the [margin](#) calculation in case of a member default. Each clearing member has to contribute to the clearing fund. The fund consists of clearing members' direct deposited capital (cash, securities) or of guarantees issued by third-party banks. It is used, up to a specific percentage, for securing the counterparty risk not covered by margin deposits.

Clearing licence

A clearing licence issued by the clearing house (CCP) for each transaction type is required in order to be authorised to participate in the clearing of the relevant transactions. The clearing licence is only issued if all necessary requirements are met; these include regulatory requirements, an existing account infrastructure and collateral. By being granted a clearing licence, a company becomes a clearing member.

Clearstream

A subsidiary of Deutsche Börse Group. Provides banking, settlement and custody services for the trading of fixed-interest securities, shares and investment funds for customers in more than 110 countries worldwide. With innovative collateral management services, Clearstream supports the financial services industry in using equity in the most efficient manner.

ClearstreamXact

Customer online web portal for customers to be able to manage their assets through Clearstream services and products.

CLO

short for: collateralised loan obligation. A CLO is a special kind of [CDO](#) that is backed by company loans and not, e.g. by bonds or derivatives.

CLS

short for: continuous linked settlement. An instrument for immediate and irreversible settlement of foreign exchange transactions based on the principle “payment against payment”. CLS was introduced by a group of important derivatives market participants to solve the problem of [counterparty](#) risk.

CMDX

The electronic trading and migration platform of the CME Group for credit default swaps ([CDS](#)).

CoC

short for: European Code of Conduct for Clearing and Settlement of Cash Equities. The code is a market initiative launched by the exchange and post-trade sector in order to create a consistent, uniform and cost-efficient European framework for the trading, [clearing](#), [settlement](#) and [custody](#) of cash equities.

Collateral management

Collateral comprises assets given as a guarantee by a borrower (collateral provider) to secure a loan or other financial exposures and which are subject to utilisation by the lender (collateral taker) in the event of default. Collateral management encompasses the administration and [custody](#) of deposited collateral to cover financial exposures, for example resulting from [securities](#) lending transactions or derivatives transactions.

Commercial paper

A debt security traded on the money market that has a short or medium term (mostly less than one year) and is issued by issuers with a high credit rating to finance their short-term capital requirements.

Connectivity

Clearstream has a suite of applications designed to provide customers with the solutions for efficient transaction management and reporting. The connectivity suite includes [ClearstreamXact](#) – a user-to-application connectivity tool, CreationConnect – a suite of tools for monitoring and intervening in payment, custody and securities orders; [Vestima](#), and tools for CSD connectivity.

Counterparty

The opposite party to a financial transaction. Normally, the counterparty of the buyer of a contract is the seller of that contract. In the case of securities cleared by a [CCP](#), the clearing house (e.g. Eurex Clearing AG) acts as the central counterparty to each party of a transaction, thereby removing [counterparty](#) risk from the members.

Counterparty risk

also: counterparty default risk. The risk that a counterparty in a securities transaction will default and thus become unable to fulfil any or part of its contractual obligations.

CSD

short for: central securities depository. For example, Clearstream Banking AG, Frankfurt, acts as the officially recognised German bank for the central depository of securities under the Depotgesetz (the German Securities Deposit Act), among other things. In this function, it offers a wide range of post-trade services relating to securities issued in Germany and other countries, both as a CSD for securities eligible for collective safe custody and as a custodian for other securities.

CSDR

short for: Central Securities Depositories Regulation. Designed to harmonise the European [CSD](#) legal framework, structure and services. It aims to introduce overall post-trade market discipline. It's impact will be widespread, as it will complement [MIFID](#) and [EMIR](#).

Custody

The safekeeping and administration of securities for others. A custody account (similar to an account for money transactions) is established for each customer. The account information includes details of the types, nominal values or quantities, volumes, etc. of the securities held, as well as the name and address of the account holder.

DCF

short for: discounted cash flow. Method of valuing a company based on the actuarial concept of discounting a company's cash flows in order to determine its net present value (NPV); examples: German income approach, free cash flow method.

DCM

short for: direct clearing member. For example, a Eurex participant who satisfies the capital requirements of Eurex Clearing AG and who has applied for, and been granted, a licence to clear derivatives traded on Eurex Exchange. A DCM may clear its own transactions and those of its customers, as well as those of 100 per cent affiliated group companies that do not hold a [clearing](#) licence.

DCO

short for: Derivatives Clearing Organization. Regulatory status in the USA: a clearing house ([CCP](#)) that has been licenced by the [CFTC](#) for futures and [swaps](#). Eurex Clearing AG does not have this status.

Dematerialised

Securities held on an institution's books in electronic form, without any registered certificates issued.

Derivative

Highly liquid standardised financial instrument derived from another instrument, the underlying (e.g. an equity, an index, a currency, or a commodity).

DS

short for: Designated Sponsor. Bank or financial services provider that furnishes binding bid and ask quotes for a particular security in the order book, either upon request or at their own initiative, thus enhancing the liquidity of the securities they support.

DVP

short for: delivery versus payment. A transfer system, where a link is established between a securities transfer system and a funds transfer system that ensures delivery occurs only as and when payment occurs.

DTCC

short for: Depository Trust and Clearing Corporation. US-American provider of [clearing](#) and [settlement](#) services for cash market transactions. The EPIM system (European Pre-Issuance Messaging) is operated jointly by Clearstream and DTCC. EPIM serves as a standardised messaging system for the Euro commercial paper (ECP) market, enabling dealers, issuers, paying agents and national numbering agencies to quickly exchange issuing information and receive ISINs from the clearing systems. In 2011, DTCC and Clearstream set up a strategic partnership in order to strengthen the markets for bilateral and syndicated loans.

EBA

short for: European Banking Authority, in London. Has the aim of creating a common legal framework for the national banking supervisory authorities. Like the [ESMA](#), it is part of the new European System of Financial Supervision ([ESFS](#)).

Ecofin (EcoFin, ECOFIN)

short for: Economic and Financial Committee. Body of the Council of the European Union. The Committee is composed of senior officials from national administrations and central banks, the ECB and the Commission. It influences EU policy in various areas (e.g. coordination of economic and fiscal policy, supervision of the budget and public finance policies of the member states, the financial markets and capital transactions). Each year, it prepares and adopts the annual EU budget together with the European Parliament.

ECON

short for: Economic and Monetary Affairs Committee. Committee of the European Parliament chaired by Sharon Bowles (ELDR), the responsible EU Commissioner is Joaquín Almunia. It has responsibility for such matters as economic and monetary policies, free movement of capital, taxation and competition policies, and the maintenance of relations with the relevant organisations and institutions as well as the regulation and supervision of financial institutions and markets.

ECSDA

short for: European Central Securities Depositories Association. Clearstream International S.A. and Clearstream Banking AG are members of this trade association of 41 CSDs in 37 European countries.

ECX

short for: European Climate Exchange. Biggest European market place for energy and energy-related products, located in London; has been a part of [ICE](#) since 2010.

EEX

short for: European Energy Exchange AG, a company of Deutsche Börse Group. European power exchange based in Leipzig, Germany; preceding companies were LPX Leipzig Power Exchange, based in Leipzig, Germany and European Energy Exchange, based in Frankfurt, Germany, that merged in 2002.

EMCF

short for: European Multilateral Clearing Facility. European [CCP](#) based in Amsterdam which offers clearing services for various [MTFs](#). EMCF was originally founded by Fortis Bank; today, more than 75 per cent of its shares are held by ABN AMRO Clearing Bank N.V.

EMIR

short for: European Market Infrastructure Regulation. EMIR regulates OTC derivatives, central counterparties ([CCPs](#)) and trade repositories ([TR](#)); it aims to improve security and integrity within the OTC derivatives market by promoting transparency and reducing risk. Among other things, the regulation wants to achieve this by introducing a [clearing](#) obligation for eligible OTC derivatives, measures to reduce counterparty credit risk and operational risk for OTC derivatives not cleared via CCPs, as well as disclosure requirements for all derivatives. It also establishes general requirements for CCPs and trade repositories.

EMX

The EMX Message System is the Euroclear owned UK-based electronic funds messaging platform.

ESFS

short for: European System of Financial Supervision. System of authorities and committees of the European Union concerned with the supervision of financial markets, which became operational on 1 January 2011. The most important authorities of the ESFS are the European Supervisory Authorities (ESA), i.e. the

European Banking Authority ([EBA](#)), the European Insurance and Occupational Pensions Authority (EIOPA), and the European Securities and Markets Authority ([ESMA](#)).

ESMA

short for: European Securities and Markets Authority, located in Paris. Has the aim of creating a uniform legal framework for the national banking supervisory authorities. Like [EBA](#), it is part of the new European System of Financial Supervision ([ESFS](#)).

ETC

short for: exchange-traded commodity. Security on individual commodities or commodity baskets that can be traded on-exchange in the same way as a share via the [Xetra](#)[®] trading system. Unlike [ETFs](#), ETCs are perpetual debt instruments that are secured by the respective commodities.

ETF

short for: exchange-traded fund. Mutual fund within definite maturity whose shares can be bought or sold in continuous trading on the exchange. It tracks the performance of the index on which it is based.

ETN

short for: exchange-traded note. ETNs are exchange-traded bonds that track the performance of specific market indicators. Examples include volatility indices, foreign currencies, or equity indices. In contrast to [ETCs](#), ETNs track the performance of indices outside of the commodities sector.

EUA

short for: EU allowance. Trading unit under the EU ETS. Each EUA is an entitlement to emit one tonne of CO₂-equivalent gas. Companies participating in the EU emission trading scheme (such as energy utilities) are required to surrender emission rights equivalent to their annual greenhouse gas emissions. Companies may sell excess emission rights, for example if they have reduced CO₂ emissions as a result of technical upgrades to production facilities.

Eurex

Eurex Group is a combination of six financial companies, providing numerous products for pre- and post-servicing trading. The companies are Eurex Exchange – a global derivatives exchange, International Securities Exchange – equity options exchanges, Eurex Energy Exchange – energy exchange, Eurex Clearing – a global [CCP](#), Eurex Bonds – an electronic trading system for off-exchange, and Eurex Repo – electronic market for secured funding and financing.

Eurex Bonds[®]

Private law joint venture and [MTF](#); a company of Deutsche Börse Group. Eurex Bonds GmbH was founded in 2000 as a joint initiative of Eurex Frankfurt AG and leading financial institutions; it operates and electronic platform for bond and basis trading. Eurex Clearing AG acts as the central counterparty ([CCP](#)) for transactions on the electronic Eurex Bonds[®] platform.

Eurex Repo[®]

Electronic platform for general collateral ([GC Pooling[®]](#)) and [repo](#) trading with Eurex Clearing AG as the central counterparty (CCP). Eurex Repo GmbH was founded in 2001 and is part of Deutsche Börse Group.

Eurobond

Various kinds of bearer bonds issued on the Euro markets that are listed in a currency other than the respective national currency of the country in which the bond was issued, e.g. euro yen or euro dollar.

FATCA

short for: The US Foreign Account Tax Compliance Act; it provides a mechanism for obtaining additional

information reporting with respect to foreign accounts held by US persons. With the new reporting regulation, the US tax authority (Internal Revenue Service, IRS) has an increased ability to detect US tax evaders depositing their money in foreign accounts and investments.

FCA

short for: Financial Conduct Authority. British institution responsible for business and market conduct. Together with the Prudential Regulation Authority ([PRA](#)) one of the two bodies taking over the responsibilities of the former Financial Services Authority ([FSA](#)).

FIA

short for: Futures Industry Association. Trade association in the US mainly composed of brokerage firms in the futures industry.

FOP

short for: free of payment. A delivery of securities which is not linked to a corresponding transfer of funds, unlike [DVP](#).

FPC

short for: Financial Policy Committee. British successor institution of the [FSA](#). Charged with a primary objective of identifying, monitoring and taking action to remove or reduce systemic risks with a view to protecting and enhancing the resilience of the UK financial system. The FPC's secondary objective is to support the economic policy of the British Government.

FSA

short for: Financial Services Authority. Former independent non-governmental body in the UK. The Financial Services Act (2012) has created an independent Financial Policy Committee ([FPC](#)) at the Bank of England and the FSA ceased to exist with its responsibilities transferred to two new bodies with effect as from 1 April 2013: the Prudential Regulation Authority ([PRA](#)) and the Financial Conduct Authority ([FCA](#)).

FSB

short for: Financial Stability Board. The FSB has been established to coordinate at the international level the work of national financial authorities and international standard setting bodies and to develop and promote the implementation of effective regulatory, supervisory and other financial sector policies. It brings together national authorities responsible for financial stability in significant international financial centres, international financial institutions, sector-specific international groupings of regulators and supervisors, and committees of central bank experts.

FTT

short for: Financial Transaction Tax. "The FTT" often refers to a specific European Commission proposal for the introduction of taxes on various financial transactions.

Future

Standardised, exchange-traded derivatives contract in which sellers agree to deliver, and buyers agree to purchase, a certain quantity of an underlying at a predetermined price.

Fungible

Securities that are not attached to an owner but held in a common pool by the [CSD](#) or another financial intermediary. Client has a number of dematerialised or physical securities held on the account, but does not own specific securities.

FWB®

Trademark of Frankfurter Wertpapierbörse (the Frankfurt Stock Exchange). Institution under public law with partial legal capacity based in Frankfurt/Main. Administrative and operating bodies according to section 5

Börsengesetz (BörsG, German Exchange Act) are Deutsche Börse AG and Scoach Europa AG. The two companies administer and operate FWB by providing the exchange with financial and human resources as well as with facilities.

FX

short for: Foreign Exchange.

GCM

short for: general clearing member. A [Eurex](#) participant who satisfies the capital requirements of Eurex Clearing AG and who has applied for, and been granted, a licence to clear derivatives traded on [Eurex](#). A GCM may clear its own transactions, those of its customers, and those of market participants who do not hold a [clearing](#) licence (non-clearing members).

GC Pooling®

Product segment developed by [Eurex Repo](#) and Clearstream that is tailored to meet the needs of short-term collateralised money market trading and offers collateralised short-term financing and efficient collateral management.

GRI

short for: Global Reporting Initiative. Independent not-for-profit organisation that publishes guidelines for creating sustainability reports in cooperation with the United Nations Environment Programme (UNEP). Transparency is the basis of reporting in accordance with the GRI, which aims to ensure that sustainability reports are standardised and comparable.

GSF

short for: Global Securities Financing. Business area within Deutsche Börse Group's Clearstream segment that comprises automated [securities lending services](#) and [collateral management](#) in [tripartite repo](#) transactions.

HFT

short for: High-frequency trading. Form of [algorithmic](#) trading. During high-frequency trading, orders for the purchase and sale of financial instruments are determined through the use of high-frequency algorithmic trading strategies and are rapidly transmitted to a trading venue. High-frequency traders trade for their own account and place a high number of intraday orders, quotes etc.

ICE

short for: Intercontinental Exchange. Marketplace organiser, based in Atlanta, USA, specialising in electronic trading of options and futures on electricity, energy and agricultural commodities as well as emissions.

ICSD

short for: international central securities depository. Within Deutsche Börse Group, Clearstream Banking S.A., Luxembourg, covers the tasks of an ICSD; it serves the global securities industry by settling trades and offering administration and [custody](#) services for international securities. In addition, Clearstream offers value-added services such as [GSF](#).

IDB

short for: inter-dealer broker. Company that acts as an intermediary for large dealers, primarily in the area of fixed-income securities or OTC derivatives (e.g. Icap).

IFRS

short for: International Financial Reporting Standards. International accounting standards, issued by the International Accounting Standards Board (IASB). The application of the IFRSs aims to ensure comparability of financial figures in corporate reports.

IFS

short for: Investment Funds Services. Service offering by Clearstream, automating the international market distribution of investment funds and related post-trade processes. This includes e.g. order routing, centralised [settlement \(delivery vs. payment\)](#) and portfolio reporting. The entire range of fund types (public investment funds, [ETFs](#) and hedge funds) is covered. The abbreviation is normally only used internally.

Implicit transaction costs

Indirect costs in securities trading. Unlike explicit transaction costs (such as charges for trading, [clearing](#) and [settlement](#), as well as commissions and taxes), these are mainly costs ensuing from the spread between the actual buy or sell price and the valuation of a share's market value at the time the order was placed. As a general rule, the more liquid a marketplace, the lower the implicit costs will be.

Index regulation

In view of the Libor scandal, the European Commission strives to regulate the production, sale and use of (financial) indices. However, as the first draft of the regulation is not expected before June 2013, the actual scope of the project is still fairly uncertain. In addition, the [ESMA](#) and the [IOSCO](#) are currently developing non-binding principles on the use of (financial) indices.

Interoperability

A business relationship between service providers, based on technical compatibility and subject to commercial agreements. Opposite to a 'silo' structure.

INVESTRO

INVESTRO is the funds settlement system for the German domestic market based upon XONTRO. Using INVESTRO, BrainTrade Gesellschaft für Börsensysteme mbH has extended the application realm of their core product XONTRO, the German domestic order routing, trading and settlement system.

IOSCO

short for: International Organization of Securities Commissions, located in Madrid. The organisation develops and implements internationally recognised standards for securities regulation. Over 120 securities regulators and 80 other securities markets participants, including stock exchanges, are among the members of IOSCO.

IPO

short for: Initial Public Offering. An IPO marks the time when a company first offers its shares for sale to the general public and launches them on the stock market.

ISDA

short for: International Swaps & Derivatives Association. Important advocacy group for banks acting on the [OTC](#) markets; currently in the process of developing and finalising standard clearing documentation for OTC transactions, jointly with the Futures and Options Association (FOA).

ISE

short for: International Securities Exchange Holdings, Inc. Electronic options exchange, located in New York. Has been a part of Deutsche Börse Group since December 2007.

ISIN

short for: International Securities Identification Number. It uniquely identifies a [security](#). Its structure is defined in [ISO 6166](#). Securities for which ISINs are issued include [bonds](#), [commercial paper](#), [stocks](#) and [warrants](#). The ISIN code is a 12-character alpha-numerical code that does not contain information characterizing financial instruments but serves for uniform identification of a security at trading and [settlement](#).

Liquidity Hub

Collateral pool in the [GSF](#) business field within Deutsche Börse Group's Clearstream segment. The Liquidity Hub offers integrated financing services, including [securities lending services](#) and [collateral management](#) for fixed-income securities and equities, enabling customers to fulfil their [margin](#) obligations.

Lol

short for: letter of intent. [MoU](#)

Margin

Collateral (cash or pledged security) deposited by a clearing member (the buyer or seller) to guarantee the fulfilment of a derivatives transaction and cover the risk exposure of the clearing house ([CCP](#)).

Market Data and Services

Part of Deutsche Börse Group, Market Data + Services supplies capital markets with information and services that cover the entire investment cycle. This includes five business units: Front Office Data (price and order book, etc), Issuer Data (indices and benchmark information, responsible for STOXX and DAX indices and benchmarks), Back Office Data (instrument reference data, compliance activities and reporting), COO Data + Services, Venue Services.

Master data

A company's key data that is used repeatedly by database systems. The most frequently used master data at Deutsche Börse are the international securities identification number (ISIN), the Wertpapierkennnummer (WKN, German securities code number) and the security symbol.

MBS

short for: mortgage-backed security. A specific form of asset-backed securities ([ABS](#)). As securities, MBSs are distinct from [derivatives](#).

MD+S

short for: Market Data + Services. Segment within Deutsche Börse Group that was established at the beginning of 2013 (the name came into force as at 1 April 2013). It comprises the former Market Data & Analytics segment as well as selected services that were previously reported in the [Xetra](#), [Eurex](#) and Clearstream segments. These include, among others, trading participant connectivity, IT services for external customers and cooperation with partner exchanges that use Deutsche Börse Group technology. The abbreviation shall only be used internally.

MIC

short for: Market Identifier Code. A four-character code used to identify stock exchanges and other trading venues defined by ISO 10383. A list of current MICs can be downloaded in the Internet at www.iso10383.org.

MICEX

short for: Moscow Interbank Currency Exchange.

MiFID

short for: Markets in Financial Instruments Directive. MiFID establishes a regulatory framework for the provision of investment services in financial instruments (such as brokerage, advice, dealing, portfolio management, underwriting etc.) by banks and investment firms and for the operation of regulated markets by market operators (stock exchanges, [MTFs](#)). The overarching objective is to promote the integration, competitiveness and efficiency of EU financial markets.

MiFID II

Refers to the revision of the Markets in Financial Instruments Directive ([MiFID](#)). The overarching goal of the

legislation is to make financial markets more efficient, more resilient and more transparent, and to provide new rules of procedure for [algorithmic](#) trading in addition to strengthening investor protection.

MiFIR

short for: Markets in Financial Instruments Regulation. A supplementary EU regulation to [MiFID II](#). MiFIR regulates the disclosure of trade transparency data to the public and transaction data to competent authorities and enables non-discriminatory access to clearing facilities and the mandatory trading of derivatives on organised venues.

MCR

short for: Monthly Carbon Report. Provides analysts and traders with transparent information on the carbon footprint of companies in the EU member states on a monthly basis. The report in pdf format, published by Deutsche Börse Group's [Market Data](#) + Services segment, complements the official annual "Verified Emission Table".

MM

- 1) *short for:* market maker. Guarantees that securities can continuously be traded and thereby ensures the liquidity of the market and the functioning of the exchange. At Frankfurter Wertpapierbörse ([FWB@](#), The Frankfurt Stock Exchange) [specialists](#) assume this function.
- 2) *short for:* market model. Describes the organisational form and the micro structure of a market.

MoU

short for: memorandum of understanding; *also:* letter of intent ([LoI](#)). A document that negotiating parties subscribe to and that defines the corner stones of a future contract. Sometimes, an MoU only registers tentative corner stones of a cooperation without the intention of the parties to subsequently conclude a contract.

MTF

short for: multilateral trading facility. Securities firm or market operator that represents the interests of a large number of persons in the buying and selling of financial instruments within the system. It applies defined provisions so as to lead to an agreement on the purchase of these financial instruments.

NCB

short for: national central bank. e.g. Deutsche Bundesbank ([BuBa](#)), as opposed to the European Central Bank (ECB).

NCM

short for: non-clearing member. An exchange participant that does not hold a [clearing licence](#). Such a participant must have a clearing agreement in effect with a general clearing member ([GCM](#)) or a company-affiliated direct clearing member ([DCM](#)).

NDA

short for: non-disclosure agreement. Agreement, which defines secrecy of negotiations, results of negotiations as well as confidential documents.

Netting

Offsetting buy and sell positions over a given period of time so that market participants only have to settle the balance. One of the functions and advantages of the CCP.

NYFIX, Inc.

Provider of electronic trading solutions, located in New York; has been a part of NYSE Euronext since 2009.

NYMEX

short for: New York Mercantile Exchange. Commodities exchange in New York

OCC

short for: The Options Clearing Corporation. Clearing house ([CCP](#)) for all securities options listed on US-based stock exchanges, including the options listed on [ISE](#); located in Chicago.

Omnibus

Omnibus account holds securities on behalf of more than one beneficial owner and is managed by a single operating institution.

Option

An option conveys the right, but not the obligation, to buy (call) or sell (put) a certain quantity of the associated [underlying](#) at the end of the term at a specific price. As the buyer is not obliged to exercise the option, it is referred to as a conditional forward transaction.

OTC

short for: over the counter; *also:* off-exchange. Describes transactions between two or more trading parties that are not conducted on a regulated market. The OTC segment accounts for by far the largest part of the [derivatives](#) market.

OTF

short for: organised trading facility. New type of trading venue which is set to be introduced within the context of the review of the financial markets directive [MiFID](#), in addition to the existing categories of the regulated market and of multilateral trading facilities.

PRA

short for: Prudential Regulation Authority. Part of the Bank of England; responsible for the supervision of banks, responsible for the supervision of banks, building societies and credit unions, insurers and major investment firms. In total the PRA regulates around 1,700 financial firms.

PRI

This initiative, launched in 2005 by the United Nations and a network of institutional investors, defines six principles for responsible investment and helps global financial system players to put these into practice and factor them into their daily decisions.

Prime Standard

Subsegment of the EU-regulated market of Frankfurter Wertpapierbörse ([FWB®](#), the Frankfurt Stock Exchange) for companies that meet high transparency standards. A listing in the Prime Standard is a precondition for admission to one of Deutsche Börse's selection indices, such as DAX®, MDAX®, SDAX® or TecDAX®.

Proximity services

Services offered by Deutsche Börse to minimise transmission times between exchange systems and the trading firm's computer. Customers place their computers in close proximity to Deutsche Börse's system servers. See also [latency](#).

Repo

short for: repurchase agreement. The sale of securities with a simultaneous agreement to buy back securities of the same kind at a later date.

RTS

1) *short for:* real-time settlement. Type of order in clearing: fastest possible settlement service.

- 2) *short for*: Russian Trading System. Electronic trading system of the Moscow Stock Exchange.
- 3) **RTGSS** – Real Time Gross Settlement System.

SEC

short for: Securities and Exchange Commission. US surveillance authority, which is responsible for the controlling of securities trading in the US.

Securities lending

Transfer of securities by a lender for a fee and on condition that the borrower returns securities of the same kind, quality and amount to the lender at the end of a fixed term.

SETS

short for: Stock Exchange Electronic Trading Service. Electronic order book of the London Stock Exchange (LSE).

Settlement

The completion of an exchange transaction, i.e. the transfer of money and traded securities from the seller to the buyer and vice versa. Within Deutsche Börse Group, Clearstream is responsible for this post-trading function.

SIFI

short for: systemically important financial institution. The regulation of systemically important financial institutions is a topic on the international reform agenda. A financial institution is deemed to be systemically important if its sudden default would endanger the solvency of other institutions and could trigger a crisis of the financial system and, potentially, of the real economy (“contagion effect”).

Single-stock future

Futures contract on a particular share (and not a basket of shares as in an index). The contract is traded on [margin](#), thus offering leverage. It enables investors to quickly make changes to their portfolio of securities without incurring the costs typically arising in share trading.

Specialist

until 30 April 2013: Xetra Frankfurt Specialist. On the trading floor of the Frankfurt Stock Exchange ([FWB®](#)), specialists support trading in equities, bonds, funds and structured products using the [Xetra®](#) trading system. They ensure liquidity. Their function is to guarantee tradability, for example of less liquid securities, and they are committed to ensuring minimum spreads and avoiding partial executions that are not economically attractive.

Specialist trading

until 30 April 2013: Xetra Frankfurt Specialist Trading. A trading model at the Frankfurt Stock Exchange ([FWB®](#)) that combines fully electronic trading on the [Xetra®](#) platform with support from a [specialist](#).

Spot market

also: cash market. Market segment on an exchange in which the performance of a transaction (delivery, acceptance and payment) must occur within a short period of time (in Germany, this time period is two days). Antonym: futures (or: [derivatives](#)) market.

SSS

short for: Securities Settlement System.

STP

short for: straight-through processing. The swift, safe and efficient processing of a securities transaction, from order placement to delivery versus payment and to the subsequent safe [custody](#) of the securities.

Structured products

Combination of conventional investment instruments (such as shares, interest rate instruments or foreign exchange) and one or several [derivative](#) products in the same security. At Deutsche Börse Group, structured products can be traded via the Scoach platform.

Sub-custodian

A local custodian who holds securities for another larger entity. The larger entity would be an [ICSD](#) like Clearstream.

Swap

Agreement between two counterparties to exchange certain cash flows or assets, such as currencies, equities or interest payments, in the future. The swap agreement defines when the cash flows are to be paid and the way they are calculated.

TA

short for: Transfer Agent. A trust company, bank or similar financial institution assigned by a corporation to maintain records of investors and account balances and transactions, to cancel and issue certificates, to process investor mailings, etc.

T2S

short for: TARGET2-Securities. Initiative to create a single platform for transmitting securities within the euro zone. The objective of this platform is to reduce the cost of cross-border securities settlement within the euro zone. It will be operated by the European Central Bank. "TARGET" is short for "Trans-European Automated Real-time Gross Settlement Express Transfer System".

TCC

short for: The Clearing Corporation. US clearing house ([CCP](#)) located in Chicago, [ICE](#) has held the majority of TCC since 2009.

TMX

short for: Toronto Stock Exchange. Canadian stock exchange based in Toronto, part of TMX Group.

TR

short for: trade repository; *also:* central data repository (CDR). Platform where data on traded [derivatives](#) contracts is registered and post-trade recordkeeping on contracts is enabled. A repository provides information on, for example, the number and value of outstanding contracts, the size of [counterparty](#) risk or outstanding positions. Derivatives traded on- and off-exchange in the EU shall be registered with a TR. At Deutsche Börse Group, REGIS-TR S.A., based in Luxembourg, is responsible for these tasks and supports European market participants in fulfilling their regulatory duties (here: [EMIR](#)).

Tripartite repo transaction

A counterparty transfers securities to another counterparty for a certain period of time at fixed conditions. As a neutral institution, Clearstream takes care of all administrative and operational tasks connected to the transaction for the lender as well as for the borrower, such as e.g. [settlement](#), monitoring until maturity including automated choice of collateral, [mark to market](#), and [margin](#) calls.

UCITS

short for: Undertaking for Collective Investments in Transferable Securities. EU directives that lay down common requirements for the organisation, management and oversight of UCITS funds. The directives also contain a list of eligible financial instruments in which a UCITS fund can invest. The directives aim to promote EU-wide trading by offering investors better protection through general requirements relating to investment, capital requirements and fund supervision, for example.

Underlying

Market instrument on which a [derivative](#) is based. Examples of underlyings include equities, indices, foreign exchange or commodities.

UTP

short for: Universal Trading Platform. Trading system of NYSE Euronext.

Vestima

Clearstream's order routing service to trading platforms and funds agents for fund issuance, settlement and custody, securities financing, reporting and transparency on fund positions. A single point of access to over 120,000 investment funds and multiple execution venues around the globe (see also [IFS](#)).

Warrant

[Derivatives](#) contract that entitles buyers and sellers to buy (call) or sell (put) a defined quantity of an [underlying](#) at an agreed price (exercise price) within a certain period of time or on a specified date. Warrants are either part of a warrant bond, or a separate security; they are usually issued by banks.

WFE

short for: World Federation of Exchanges. International organisation of stock and derivatives exchanges. The WFE offers members guidance in their business strategies, and in the improvement and harmonisation of their management practices. Among other activities, it posts market statistics and business news, sponsors research and promotes standards for securities business conduct.

Xetra

Deutsche Börse's electronic trading platform which, combined with [Frankfurter Wertpapierbörse](#), operates one of the cash markets with the largest trading volumes in the world.

XIM

short for: Xetra International Market. Segment for trading European blue chips, including all EURO STOXX 50® securities. It is linked to [clearing](#) via Europe's largest clearing house ([CCP](#)), Eurex Clearing AG, and [settlement](#) via the international network of Clearstream Banking AG. [Xetra](#)® trading participants can enter their orders via the existing infrastructure in XIM and settle transactions cost-effectively in their European home market.

XLM

short for: Xetra® liquidity measure. Measures liquidity in electronic securities trading on the basis of [implicit](#) transaction costs. It is calculated for the simultaneous purchase and sale of a position (round-trip) in the electronic order book for all equities and exchange-traded funds ([ETFs](#)) in continuous trading.