

## Clearing and Settlement Industry Glossary

This glossary applies to the Clearing and Settlement industry in Australia and is written as an aid in understanding the terms most widely used, but without attempting to give a legal interpretation.

### A

<b>Acceptor</b>	The party on a Commercial Bill that has the primary liability to pay the money due at maturity date to the holder of the bill.
<b>Amount Issued</b>	The Amount of a Security Issued. Usually reflected as a dollar amount and depending on the "Terms and Conditions", may be increased at a later stage by a subsequent Issue.
<b>Association of National Numbering Agency (ANNA)</b>	ANNA makes available to its members and the securities industry as a whole, an International Securities Identification Number (ISIN) in a uniform structure for use in any application in the trading and administration of securities in the international securities industry.
<b>Assured Payment</b>	An assured payment is the by-product of a Real Time Gross Settlement (RTGS) system and Delivery versus Payment (DvP). Payment for a security is considered assured or guaranteed as the debiting Participants funds move to the crediting Participant in real time at the same time as the transfer of the security.
<b>Australian Bureau of Statistics (ABS)</b>	The Australian Bureau of Statistics is Australia's official statistical organisation. They assist and encourage informed decision-making, research and discussion within governments and the community, by providing a high quality, objective and responsive national statistical service.
<b>Australian Prudential Regulation Authority (APRA)</b>	The Commonwealth agency which is now responsible for prudential regulation of banks, life insurance companies, general insurance companies and superannuation funds, having taken over these functions from the Insurance and Superannuation Commission (for insurance and superannuation) and the Reserve Bank of Australia (for banks). Other responsibilities of the Insurance and Superannuation Commission (ISC) - related mainly to disclosure standards, market conduct complaints handling and licensing of agents and brokers - have been transferred to the Australian Securities and Investment Commission, the successor to the ASC
<b>Australian Taxation Office (ATO)</b>	the Commonwealth body which administers Australia's taxation system. Also known as the Tax Office.

### B

<b>Back Office</b>	The operational activities of a financial firm, as opposed to the 'front office'.
<b>Bank Bill</b>	An unconditional order in writing requiring the party to whom it is addressed to pay a certain sum on a fixed date in the future. Bills of exchange are negotiable instruments, usually maturing within six months, and sold at a discount to face value. The party to whom the bill is addressed, and who accepts it, must be a Bank and is known as the acceptor and assumes primary liability to pay on maturity the face value of the bill to its holder. The drawer who issues the bill is liable should the acceptor fail to pay. If the bill has been endorsed by a third party, such as a bank, the endorser is liable should both the acceptor and the drawer fail to pay.
<b>Bank Bill Swap Reference Rate (BBSW)</b>	The average mid reference rate for Australian dollar bills of exchange. 'Bid', 'mid' and 'ask' rates are nominated by authorised panel members on business days in Sydney. Before calculating the rates, the highest and lowest 'mid' rates are eliminated. The average of the remaining 'mid' rates are calculated and displayed on various market information systems at approximately 10.15am. The BBSW reference panel consists of 14 approved Australian-owned and Foreign Subsidiary Banks.
<b>Bank Bill Swap Reference Rates – Average (BBSY)</b>	The average 'bid' and 'ask' rates, calculated on the same basis as the BBSW reference rate.

<b>Bank Endorsed Bill (BE)</b>	An instrument requiring the party to whom the bill is addressed (borrower of funds) to pay a specific sum of money at a specific time in the future to the bearer of the bill or the bearer's nominee. It is a negotiable instrument, usually sold at a discount to face value. A non-Bank institution appears on the bill as the acceptor, but it is endorsed by a Bank therefore the bank still has the primary liability to pay the money due at maturity date to the holder of the bill.
<b>Bank Identifier Code (BIC)</b>	The Bank Identifier Code (BIC) is the method used by SWIFT of identifying Financial Institutions that are Participants of the SWIFT Network. The BIC consists of 8 or 11 characters, comprising a bank code (4 characters), a country code (2 characters), a location code (2 characters) and an optional branch code (3 characters).
<b>Bank, State &amp; Branch code (BSB)</b>	A standard and structured code devised for use in the Banking System to record Bank Account details. The six digit code is comprised of a 2 numeric Bank code, a 1 numeric state code and a 3 numeric branch code.
<b>Bearer Security</b>	An unregistered security payable to the ultimate holder. In the case of a Commercial Bill, the person holding the security at Maturity date will receive the maturity proceeds (the face value of the security) for that security.
<b>BIC Branch</b>	A SWIFT term for an optional code of 3 characters that is attached to a BIC to be used to identify any branch or functional reference of an institution.
<b>BIC11</b>	In SWIFT, Financial institutions are identified by a unique ISO bank identifier code (BIC). The first 8 characters of the BIC, when used for addressing purposes, are called the destination. In addition, an optional branch code of 3 characters can be used to identify any branch or functional reference of an institution. Where the additional 3 character branch code exists, this BIC is referred to as BIC11.
<b>Bilateral Key Exchange (BKE)</b>	A SWIFT service for the exchange of bilateral keys between correspondents over the SWIFT network, using enciphered data carried within dedicated messages. A key that is typically a sequence of hexadecimal digits used for message authentication between two correspondents. Such keys are bilateral because they are held by both parties in the relationship. Within the bilateral key exchange service, bilateral keys are generated within a user's secure card reader.
<b>Bloomberg</b>	The Bloomberg service is an interactive, financial information network. Available 24 hours a day to more than 260,000 users in over 100 countries, the service integrates data, news, analytics, multimedia reports and e-mail into a single platform.
<b>Booksclose date</b>	(Or Interest Start Date) The date in which the register for a security (usually Fixed Interest Securities) closes to calculate coupon and maturity obligations and entitlements due to holders of the securities.

## C

<b>Capital Repayment /Capital Reducing</b>	Capital Reducing Securities are securities where the principal amount on issue reduces over the life of the security. Every coupon that is paid throughout the life of the security is comprised of a Capital and an Interest component. As the security approaches maturity, the Total Coupon amount remains the same but the Interest component reduces and Capital component increases.
<b>Capital Value</b>	The capital value of an asset is what someone is prepared to pay for it - in other words, the market price of the asset
<b>Cash Trade</b>	A two sided transaction that requires both the payer and receiver to enter their respective instructions; these transactions which will be matched by the system to effect the settlement. Settlement can be either: 1 Automatic - where the payer has sufficient funds available the system will affect the transfer of funds with no intervention required by either counterparty, or 2 Manual - where participants set their cash records to a deferred state and selectively process transactions on their settlement queue. The Cash Trade facility allows participants to pay and receive cash on the Austraclear System, either as a same day transaction or on a future specified date.
<b>Cash Transfer (CT)</b>	A type of transaction where a cash amount is being transferred from one Participant (Payer) to another (Receiver) on a specified date (settlement date).
<b>Central Counterparty (CCP)</b>	Specialised financial institutions that facilitate trading in cash securities and derivatives by simplifying clearing and settlement. A CCP stands between the seller and buyer in each trade shortly after the trade is made and replaces the original contractual obligations to deliver and to

	pay with equivalent obligations with the CCP. For more on DTCC's viewpoint about the rapidly changing global landscape of CCPs, please see our White Paper, addressed to securities industry operations and risk management professionals and others interested and involved with CCPs around the world.
<b>Central Securities Depository (CSD)</b>	An institution for holding securities which enables securities transactions to be processed by means of book entries. Physical securities may be immobilised by the depository or securities may be dematerialised (so that they exist only as electronic records).
<b>Certificate of Deposit (CD)</b>	A certificate, issued by a bank or other financial institution, stating that a set amount has been deposited with it for a set period of time, at a fixed rate of interest
<b>Clearing</b>	The process of transmitting, reconciling and in some cases confirming payment instructions prior to settlement; it may include netting of instructions and the calculation of final positions for settlement
<b>Clearstream</b>	Clearstream International has three divisions – Clearstream Banking Frankfurt, Clearstream Banking Luxembourg and Clearstream Services. ASX only uses the Clearstream Services division. Clearstream Services is a robust system that provides securities settlement and cash settlement to market Participant's worldwide. It is a trusted and secured electronic application used by banks, financial institutions and regulators worldwide.
<b>Commercial Paper (CP)</b>	Commercial paper is a short-term unsecured Promissory Note issued by corporations and foreign governments. For many large, creditworthy issuers, commercial paper is a low-cost alternative to bank loans. Issuers are able to efficiently raise large amounts of funds quickly and without expensive registration by selling paper, either directly or through independent dealers, to a large and varied pool of institutional buyers. Investors in commercial paper earn competitive, market-determined yields in notes whose maturity and amounts can be tailored to their specific needs.
<b>Confirmation</b>	There are two main types of confirmation - primary and secondary. A primary confirmation refers to the initial confirmation that is exchanged by the counterparties after the transaction is executed. This can be electronic, verbal or written. A secondary confirmation follows up the primary confirmation as a more formal verification of the details. This is usually a letter or some other written form of confirmation.
<b>Continuous Linked Settlement (CLS)</b>	The Continuous Linked Settlement (CLS) system eliminates the risk of time lags inherent in the settlement of FX transactions by enabling simultaneous settlements.
<b>Corporate Actions</b>	An action taken by a company to give an entitlement to holders of the company's securities. For example, rights issues, bonus issues, dividends or other payments, or offers under a buy-back scheme
<b>Counterparty</b>	The other party to a transaction. A Participant that is trading to ABCD20 will refer to ABCD20 as the Counterparty.
<b>Coupon Payment</b>	A coupon refers to the interest rate paid to the holder of a Fixed Interest Security (FIS). Coupons can be fixed, floating or payable at maturity. Most debt securities traditionally have a coupon that is fixed until maturity, is a percentage of the face (principal) amount, and pay interest semiannually. For example, a \$10,000 interest rate security with an 5% p.a. coupon will pay investors \$500 a year, in payments of \$250 every six months. When the interest rate security matures, investors receive the full face amount of the security (in this example, \$10,000). Some issuers and investors prefer having a coupon that periodically adjusts, and more closely tracks prevailing market rates. The coupon on a floating-rate interest rate security is reset periodically in line with changes in a base interest-rate index, such as the rate on 90 day Bank Bills.
<b>Coupon Rate</b>	The interest rate on a debt security that the Issuer promises to pay to the holder at periodic intervals until maturity. The coupon rate is usually expressed as an annual percentage of face value of the security. For example, a bond with a 10% coupon will pay \$10 per \$100 of the face amount per year, usually in instalments paid every six months.
<b>Credit Exposure Netting</b>	There are two types of credit exposure netting, "novation" or "master agreement" close-out netting
<b>Cross Rate</b>	In Foreign Exchange transactions, the Exchange rate between two currencies, neither of which is the US Dollar (but calculated from the value of each rate against the US Dollar)

## D

<b>Deferred Net Settlement System</b>	A settlement system in which each settling participant settles (typically by means of a single payment or receipt) its net settlement position which results from the payments made and received by it at some defined time after payments have been made
<b>Delivery Free</b>	Delivery Free refers to a trade settlement where securities are traded against no cash value. Therefore if Party A trades securities to Party B in a DvP scenario Party A will deliver securities to Party B and Party B delivers cash to Party A. In a Delivery Free scenario Party A delivers securities and Party B delivers no cash.
<b>Delivery versus Payment (DVP)</b>	Delivery vs. Payment (DVP) occurs when, to complete a trade, there is a simultaneous exchange of securities for cash that ensures that delivery occurs if, and only if, payment occurs. To be true DVP, there must be an element of finality in the process, whereby neither side of the trade can unwind the transaction after settlement.
<b>Dematerialisation</b>	Dematerialisation is a process by which physical certificates are eliminated so that securities exist only as accounting records. Securities are initially immobilised in a depository and through the process of dematerialisation, eventually can become book entry only securities.
<b>Discount Security</b>	A two sided transaction that requires both the buyer and seller to enter their respective instructions which will be matched by the system to effect the settlement of the transaction. A Discount Security trade can be initiated by either the Buyer or the seller. The Discount Security functionality enables participants to settle both paper securities and electronic obligations. The main features of this system are the ability to lodge and withdraw paper securities and electronic obligations and the ability to enter trades of Discount Securities. Securities can be pledged for secured borrowing in the system and maturity payments are paid automatically to holders of paper securities and electronic obligations.
<b>Dishonour</b>	If an Issuer does not or cannot repay the face value at maturity for any reason they are in breach of their contractual Terms and Conditions and are said to have 'dishonoured' the security contract. This usually only happens when a company is in financial trouble and usually results in them being declared bankrupt.
<b>Documentation</b>	A written or printed agreement to evidence the rights and obligations of counterparties. The legal agreement that counterparties enter into to formalise standards for future trading in specific products. Documentation is necessary to facilitate the successful and efficient conclusion of a transaction between two organisations.
<b>Drawer</b>	The Party on a Bank Accepted, Bank Endorsed or Non-Bank Bill that initiates the Bill Facility by borrowing funds for a specific period of time (usually less than 6 months) from a lending institution. In this scenario the lender becomes the Acceptor of the Bill and the borrower becomes the Drawer.

## E

<b>Electronic Bank Accepted Bill (EBA)</b>	Refer to the Bank Accepted Bill description. The only difference is that there is no physical security rather it is electronically generated, stored, transferred and settled electronically.
<b>Electronic Broking System (EBS)</b>	A screen-based anonymous dealing system delivered over a proprietary network for spot trading in all major currencies. Currency prices are displayed on a screen and as many as six currency pairs can be traded at any one time.
<b>Electronic Certificate of Deposit (ECD)</b>	Refer to the Certificate of Deposit description. The only difference is that there is no physical security rather it is electronically generated, stored, transferred and settled electronically.
<b>Electronic Promissory Note (EPN)</b>	Refer to the Promissory Note description. The only difference is that there is no physical security rather it is electronically generated, stored, transferred and settled electronically.
<b>Euroclear</b>	The Euroclear Group is an international corporation who's membership includes regulators and financial institutions worldwide. Euroclear offers depository services, securities administration, global settlement of securities, instantaneous finality of settlement for central-bank money and commercial money.

<b>Eurosecurity</b>	This means that subject to any Prescribed requirements, a security of a kind prescribed by the rules and regulations applicable to a Clearance and Settlement System as being acceptable for deposit from time to time in that system.
<b>Exchange Settlement Account (ESA)</b>	ES Accounts at the Reserve Bank are the means by which providers of payments services settle obligations which they have accrued in the clearing process. Until recently, only banks and two Special Service Providers for building societies and credit unions, respectively, have held ES Accounts. Under new arrangements, non-bank institutions (such as ASX) which provide third-party payment services are eligible for ES Accounts.

## F

<b>Face Value</b>	The value of a security that appears on the face of the security, unless the value is otherwise specified by the issuer. Face value is ordinarily the amount that the issuer promises to pay at maturity and is not an indication of current market value.
<b>Fixed Interest</b>	Interest income that remains constant, such as income derived from preference shares.
<b>Fixed Interest Security (FIS) or Bond</b>	A Fixed Interest (or Bond) security is one under which the borrower contracts to pay the lender a fixed principal amount at a stated date in the future and a series of interest payments either annually or semi annually. The yield on the bond may be higher or lower than the interest rate. The yield reflects current market conditions and to achieve this the bond is purchased at a discount or premium.
<b>Fixed rate series</b>	A 'Fixed Interest Security' that has a series of fixed equal periodic interest payments called coupon payments.
<b>Floating rate series</b>	A 'Fixed Interest Security' that has a series of floating equal periodic interest payments called coupon payments. The floating rate is most often determined by the BBSW rate.
<b>Foreign Exchange (FX)</b>	A contract to trade a country's unit of exchange that has a value in terms of purchasing goods and services within a country and in purchasing units of other countries' currencies with another currency.
<b>Foreign Exchange Net (FXNet)</b>	A bilateral foreign exchange novation netting system that uses a "black box" to facilitate cross border netting between members. FXNet maintains a running account of balances between members on each value date until a pre-established cut off time when settlement is effected with each participant for the net amount outstanding.
<b>Forward Rate Agreement (FRA)</b>	A forward rate agreement (FRA) is an agreement between two parties seeking to protect themselves against a future interest-rate movement in a particular currency for a specified period at an agreed contract rate. It requires the parties to settle the differential between the contract rate and the interest settlement rate. (BBSW) There is no commitment by either party to lend or borrow the contract amount.
<b>Front Office</b>	A term that refers to the revenue earning activities of a company, as opposed to the "back office" functions.

## G

<b>Gross Settlement System</b>	A transfer system in which the settlement of funds or securities transfer instructions occurs individually (on an instruction-by-instruction basis).
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## I

<b>Information Memorandum</b>	An Information Memorandum gives details of a security about to be created and Issued to the market. It is a memorandum published by the Issuing Company which is designed to provide information to assist the market in considering the security being Issued and contain information such as the Amount being Issued, Coupon Rate, Issue Date, Maturity Date, Coupon frequency and dates and any other terms and conditions of that security.
<b>Insolvency</b>	The inability of a corporation to pay debts as they fall due owing to an excess of liabilities over assets.
<b>Interest Rate</b>	Interest or Coupon rate on a debt security the Issuer promises to pay to the holder in structured periodic payments until maturity, expressed as an annual percentage of face value. For example,

	a bond with a 10% coupon will pay \$10 per \$100 of the face amount per year, usually in instalments paid every six months.
<b>Interest Rates Swap (IRS)</b>	A swap, as the name implies, is an exchange of financial obligations. It involves two parties contracting to swap their respective interest payment flows. An interest rate swap, is a basic fixed rate for floating rate swap organised in one currency with interest rate flows paid in arrears and settled on a net cash basis
<b>Interest start date</b>	(Or Booksclose Date) The date in which the register for a security (usually Fixed Interest Securities) closes to calculate coupon and maturity obligations and entitlements due to holders of the securities.
<b>International Central Securities Depository (ICSD)</b>	An international institution for holding securities which enables securities transactions to be processed by means of book entries E.g. Euroclear and Clearstream.
<b>International Securities Identification Number (ISIN)</b>	The International Securities Identification Number (ISIN) is a numbering system, designed by the United Nation's International Organization for Standardisation (ISO) and widely accepted by worldwide securities markets as the international industry standard. ISIN is made up of a 2 character prefix representing the country of issue, the national security number if one exists, and a check digit.
<b>Issue Date</b>	The Date on which a security is Issued
<b>Issuer</b>	An entity that issues securities. Can be a corporation such as a Bank, or a semi government or government entity.
<b>Issuer Advice</b>	An Advice sent by the Issuer when securities are Issued. May be included with the Information Memorandum and Pricing Supplement documents if a new Issue or may be delivered by itself if the Issue is an extra tranche of a security that already exists.
<b>Issuing Agent</b>	An institution that acts on behalf of the issuer of securities in distributing the securities and in realising the proceeds thereof for the benefit of the issuer
<b>Issuing and Paying Agent (IPA)</b>	An organisation contracted by the Issuer of a security to act for an on behalf of the issuer during the issuing, regular periodic payments (coupon etc) and maturity phases of the issue.

## L

<b>Letter of Intent</b>	A letter of intent is a preliminary contract between two parties. In Austraclear it is used by a Participant to perform a delayed Lodgement where the Letter of Intent takes the place of the physical securities for one day.
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## M

<b>Margin Account</b>	When a customer establishes a Margin Account with a brokerage firm, they are establishing a secured credit relationship. The broker will open a credit account with a formal margin agreement that defines the terms for the loan. The customer puts up part of the cash that is needed for purchases and the broker lends the rest of the required funds by using securities that are already in the customer's account as collateral for the loan.
<b>Maturity</b>	A par/face value fixed sum paid by the issuer of a security at a specified date.
<b>Maturity Date</b>	The date on which a security matures. The beneficial owner/holder of the security is entitled to a cash amount equal to the face value of the security, paid by the issuer of the security, on this day.
<b>Message Type (MT)</b>	A specific type of SWIFT message as identified by a three-digit number. The first digit defines the message category, indicating the general usage of the message, the second digit defines the message group and the third digit defines the particular message function. E.g MT541

## N

<b>Negotiable Certificate of Deposit (CD)</b>	A written certificate by a bank or financial institution stating that a fixed dollar amount has been deposited with it for a fixed period of time at a predetermined rate of interest.
<b>Netting</b>	Netting reduces credit exposure and settlement risk by aggregating multiple transactions by

	currency to obtain a "nett" settlement figure and therefore reduce the overall risk for each counterparty. Netting consists of two generic types, payments netting and credit exposure netting.
<b>Netting by Master Agreement</b>	An agreement to settle all contracted but not yet due obligations and claims on a counterparty by one single payment.
<b>Netting by Novation</b>	Involves the discharge of an existing contract between counterparties and its replacement with a new ("novated") contract for the amount of the existing contract plus the new transaction. This process can be bilateral or multilateral.
<b>Non Bank Bill (NB)</b>	Similar to a Bank Bill but where no party to the bill (Drawer, Acceptor and Endorser) is a Banking Institution.
<b>Number in Line</b>	The number of physical securities contained within a line or parcel of paper discount securities (DSS). The Number in line multiplied by the denomination of the security equals the total face value of the line or parcel of securities.

## O

<b>Operational Risk</b>	The risk of direct or indirect loss resulting from a breakdown in: People - Human error or management failure, fraudulent, malicious or intentional acts both internal and external; Process - Inadequate operational policy, procedures and controls and/or unmanaged or uncontrollable events which impact on the operational environment or activities; Technology - Inadequate information system, policy, procedures and controls and/or unmanaged or uncontrollable events which impact on the systems environment or activities.
<b>Over the Counter (OTC)</b>	Abbrev. for "Over The Counter", meaning a security which is not traded on a listed exchange. Normally it implies that the security has been "tailor-made" for a client by a financial institution, and can only be re-sold by negotiation.

## P

<b>Payee</b>	The person to which the face value of the security are paid to at maturity. The majority of Commercial Bills are addressed to the bearer meaning that whoever holds the physical security on Maturity date and presents it to the place payable, is entitled to receive the maturity proceeds.
<b>Payments Netting</b>	Refers to an arrangement where opposite payments are matched. This usually occurs where there are opposite obligations in the same currency, between the same parties or involving the same risk management product or different products on the same date.
<b>Physical Security</b>	A Physical or "Bearer" Security is one for which there is no other proof of ownership other than the physical possession of the security. No official record or register of ownership is kept, the owner is the "bearer" of the share or bond certificate.
<b>Pledgee</b>	Participant loaning the securities.
<b>Pledgor</b>	Participant borrowing the securities.
<b>Price per \$100 (PPH)</b>	The amount per each \$100 to be paid as a coupon payment. Therefore if a participant holds \$1000 of security A and is due for coupon payment of 1.11 per \$100, the participant will receive a total coupon of \$11.10 (1.11 @10).
<b>Pricing Supplement</b>	A document that provides details about the specific security issuance, including the security identifier, settlement and maturity dates, principal amount, coupon or formula, frequency of interest payments, interest payment dates, and underwriters.
<b>Promissory Note (PN)</b>	A debt security issued by a borrower, showing the amount which the borrower is prepared to pay the noteholder on its maturity. The note is issued at a discount to its face value, representing the yield on the funds for the noteholder (lender). Promissory Notes are similar to Bank Bills with the exception that only the name of the borrower and not the lender appears on the face of the note.
<b>Public Trustee</b>	A Public Trustee is a body corporate established pursuant to the provisions of the Public Trustee Act. The duties and responsibilities of the Public Trustee which include administering the estates of deceased and protected persons are detailed in the Act. Those obligations include, To provide comprehensive, value added trustee, estate management, will-making and related services to clients; To ensure that clients have prudent investment strategies based on an effective funds

	management structure which optimises returns on those investments; To ensure that clients receive quality legal representation, advice and legal services in compliance with relevant legislation.
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## R

<b>Real Time Gross Settlement (RTGS)</b>	RTGS systems effect final settlement of interbank funds transfers on a continuous, transaction-by-transaction basis without netting debits against credits throughout the processing day. In the Australian Financial Markets the RBA's RITS system is the authorised Real Time Gross Settlement System.
<b>Receive Free</b>	Receive Free refers to a trade settlement where securities are traded against no cash value. Therefore if Party A trades securities to Party B in a DvP scenario Party A will receive cash and Party B receives securities. In a Receive Free scenario Party B receives securities and Party A receives nothing.
<b>Receive versus Payment (RvP)</b>	Receive vs. Payment (RVP) occurs when, to complete a trade, there is a simultaneous exchange of securities for cash that ensures that delivery occurs if, and only if, payment occurs (The counterparty to a DvP transaction).
<b>Reconciliation</b>	The final verification that a settlement process has taken place correctly for each individual transaction and that the appropriate account has been debited or credited. Reconciliation can take a number of various forms.
<b>Registry</b>	Registries are commissioned by listed companies to keep and maintain the register of ownership of the companies' securities. The Registry is responsible for recording and administering all transactions involving those companies' securities including reporting holdings to shareholders. Austraclear Services Limited is one provider of Registry Services to the Australian market.
<b>REPO RATE</b>	The interest rate paid to the cash side of the repo/reverse transaction. A repo rate is similar to an interest rate, but also reflects the demand for the repoed securities. Technically repo rates are nil interest rates because the cash in repo is a purchase or repurchase price not a loan.
<b>Repurchase Agreement (REPO)</b>	A contract to sell and subsequently repurchase securities at a specified date and price. Also known as a Repo, an RP or a buyback agreement.
<b>Reserve Bank of Australia (RBA)</b>	Australia's central bank; came into being in 1959 when the central banking activities of the Commonwealth Bank of Australia were transferred to the new entity. The RBA's role combines that of guardian of the financial system and confidant to the Federal Government. It has responsibility for the banking system and authorised dealers, as well as overseeing the activities of Australia's financial markets.
<b>Thomson Reuters</b>	Thomson Reuters is a global provider of news, financial information and technology solutions to the world's media, financial institutions, businesses and individuals.

## S

<b>Security</b>	a) In relation to financial markets, the paper right to a (generally tradeable) asset. In this context the term includes Bills of Exchange, bonds, share certificates or any other interest-bearing paper traded on financial markets; b) An asset pledged to ensure the repayment of a financial obligation (eg. loan), and forfeited in the event of a default on that obligation.
<b>Settlement</b>	In relation to securities trading, an arrangement between Participants for the payment or receipt of cash or securities. It represents the final consummation of a securities transaction and is handled through the relevant clearing corporation specific to security type.
<b>Settlement Date</b>	The date on which the final consummation of a securities transaction takes place and payment is made.
<b>Settlement Obligation</b>	The legal obligation to pay for or receive securities created by executing a trade.
<b>Settlement Risk</b>	Settlement or Delivery Risk is the risk that a counterparty to a financial transaction is not able to meet its payment obligations when they fall due.



<b>Short Term/ Sort Dated Securities</b>	A security with a term to maturity usually less than 6 months from the date of issue. See Bank Bill or Commercial Paper
<b>Society for Worldwide Interbank Financial Transfers (SWIFT)</b>	SWIFT is an industry-owned cooperative which provides messaging services to banks, broker/dealers and investment managers, as well as to market infrastructures in payments, treasury, securities and trade.
<b>Standard Settlement Instructions (SSI's)</b>	Lists of standard bank account details exchanged between market participants. These represent the accounts over which a financial markets participant pays and receives cash or securities in settlement of financial markets transactions. The details of each bank account must be listed including the name and location of the bank, the account number and usually the SWIFT address. If SSI's are in place it is possible to take advantage of Straight Through Processing. If SSI's are not in place treasury operations must contact the counterparty to obtain settlement instructions for each transaction.
<b>Stock Certificate</b>	A certificate produced by a Registry detailing the amount of holdings for a particular security or group of securities for a specified date.
<b>Straight-through-processing (STP)</b>	The end-to-end automation of the trading and settlement process, from order execution through to final settlement. STP requires standardised electronic message delivery and information transfer between all parties involved in the process.
<b>Sub Message Type (SMT)</b>	Used by the SWIFT network to identify a specific message purpose within another message type. E.g. Message Type 198 (response message) has two sub message types, 102 for an acceptance and 103 for a rejection message.
<b>Sub Registry</b>	A separate system to keep and maintain the register of ownership of a companies' securities.

## T

<b>Tefra D Certificate</b>	A statement by an investor of securities issued by an American Issuer, that the investor holds a specific percentage in that security and they are not an American resident. The securities are issued registered in Temporary form and after 40 days are converted into a registered Permanent Note. The Americans deem the securities to be Bearer and issued as a Global Note. That does not mean that they are lodged in Austraclear as a single DSS security, but as a FIS registered security with a Transfer record in the designated registry. 40 days (or as stated in the Pricing Supplement) from the issue date is the conversion and it is imperative that we receive the Certificate for the part of the Note held by each investor, to be converted to Permanent. If a part of the note held by an investor is not converted, which means that a Certificate has not been received from the investor, it remains in Temporary form and does not attract a coupon. Confirmations of the coupon payment will not be effected. Coupon payments would then have to be effected by single cash transfer payments by the IP agent. The IP Agent will hold the remaining undistributed amount until instructed.
<b>Trade Date (T)</b>	The date on which a trade is executed between two parties to a transaction.
<b>Transfer and Acceptance Form (T&amp;A)</b>	Transfer and Acceptance Form – used to transfer the registered holder of a security. Transferor will sign the T&A and then take it to the Registry where it is held. The Registry will verify and authorise the change in ownership and stamp and sign the form. The Transferor will then deliver it to the Transferee who also signs and stamps the form before then delivering it back to the Registry confirming the change and allowing them to update their records.
<b>Transferee</b>	For a Transfer and Acceptance Form, the person who is receiving ownership of the registered security, usually by buying it.
<b>Transferor</b>	For a Transfer and Acceptance Form, the person who is transferring ownership of the registered security, usually by selling it.

## U

<b>Unit Face Value</b>	A term specific to Discount Securities. As a Discount Security is issued as a bearer security and is not fungible, a parcel or line of securities can comprise a number of securities (each security is one unit) that total the Face Value of the line of security enabling the owner of the security to only trade in multiples of unit face value.
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**V**

<b>Vault</b>	The term for the safe where physical paper debt securities are stored once lodged for trading.
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**W**

<b>W8BEN Certificate</b>	A "W8 ben" Certificate is a statement by an investor in securities issued by an American Issuer, that the investor is a beneficiary of interest paid for those securities. The Certificate, when completed by an Australian investor simply states that they are not an American resident. The securities are issued registered.
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**Y**

<b>Yield</b>	It is the obligation of the collection agency to collect the certificates from interest payments recipients prior to the interest distribution. Failure to do so requires the agent to withhold 30% of the proceeds and remit the withheld tax to the Issuer or the US tax authorities. This is by direction of the Issuer.
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**Z**

<b>Zero Coupon Bond</b>	A Zero Coupon bond, also known as a Zero, is a derivative created by removing the interest coupon of a bond from the promise to repay principal. The interest coupon is traded separately as a Strip, and the remaining principal is traded as a Zero. Zeros are usually traded at a discount that decreases as the instrument approaches maturity and do not pay any interest.
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