



03

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3.1 LIST OF BCL REGULATIONS PUBLISHED IN 2013

2013/N°15 of 3 May 2013

Regulation of the "Banque centrale du Luxembourg" 2013/ N°15 of 3 May 2013 implementing the Guideline of the European Central Bank of 20 March 2013 on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral and amending Guideline ECB/2007/9 (recast) (ECB/2013/4)

Domain: Monetary policy

2013/ N° 14 of 7 March 2013

Regulation of the "Banque centrale du Luxembourg" 2013/ N° 14 of 7 March 2013 implementing the Guideline of the European Central Bank of 23 January 2013 amending Guideline ECB/2012/18 on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral (ECB/2013/2)

Domain: Monetary policy

For a complete list of regulations published by the Banque central du Luxembourg, please visit the BCL's website (www.bcl.lu)

3.2 LIST OF BCL CIRCULARS PUBLISHED IN 2013

Circular n°234 of 20 June 2013

Introducing a collection of daily information on deposits with credit institutions – to all credit institutions

Circular n°233 of 20 June 2013

Security by security reporting – Holdings of securities on behalf of non resident customers – to all credit institutions

Circular n°232 of 20 June 2013

Introduction of a security by security reporting – to all securitisation vehicles

Circular n°231 of 28 March 2013

Modification of the statistical data collection for money market funds and investment funds – to all undertakings for collective investment

For a complete list of circulars published by the Banque centrale du Luxembourg, please visit the BCL's website (www.bcl.lu)

3.3 LIST OF BCL PUBLICATIONS PUBLISHED IN 2013

3.3.1 BCL bulletins

- BCL Bulletin 2013/4, December 2013
- BCL Bulletin 2013/3, October 2013
- BCL Bulletin 2013/2, June 2013
- Financial Stability Review, May 2013
- BCL Bulletin 2013/1, March 2013

For a complete list of bulletins published by the BCL, please visit the BCL's website (www.bcl.lu).

3.3.2 BCL annual report

- Rapport annuel 2012, May 2013
- Annual Report 2012, August 2013

For a complete list of annual reports published by the BCL, please visit the BCL's website (www.bcl.lu)

3.3.3 BCL working papers

- Working paper n°83, July 2013
News Shocks, Real Exchange Rates and International Co-Movements, by Kyriacos Lambrias
- Working paper n°82, January 2013
Banking Systemic Vulnerabilities: A Tail-risk Dynamic CIMDO Approach, by Xisong Jin, Francisco Nadal De Simone
- Working paper n°81, January 2013
Fluctuations économiques et dynamique de la constitution de provisions pour créances douteuses des banques luxembourgeoises, Sabbah Gueddoudj

For a complete list of Working Papers published by the BCL, please visit the BCL's website (www.bcl.lu).

3.3.4 BCL brochures

Brochure La Banque centrale du Luxembourg, 2013

Brochure The Banque centrale du Luxembourg (2013)

Brochure of the BCL's numismatic products (2013)

Historique du siège de la Banque centrale du Luxembourg : du jardin creux à l'euro ou de la Villa Gillard au bâtiment Pierre Werner, René Link (2013)

3.3.5 Information material about the security features of Euro banknotes and coins

For a complete list of the information material concerning the security features of banknotes and coins, please visit the BCL's website (www.bcl.lu).

3.3.6 Publications and external presentations of the BCL Staff

3.3.6.1. External publications of the BCL's staff members

- Bucher-Koenen, T. and M. Ziegelmeyer (2013): Once burned, twice shy? Financial literacy and wealth losses during the financial crisis, Review of Finance, forthcoming.
- De la Croix, D., O. Pierrard and H. Sneessens (2013): Ageing and Pensions in General Equilibrium: Labour Market Imperfections Matter, Journal of Economic Dynamics and Control 37(1): 104-124.
- Curi, C., P. Guarda, A. Lozano-Vivas et V. Zelenyuk (2013): Is foreign-bank efficiency in financial centers driven by home or host country characteristics? Journal of Productivity Analysis 40(3): 367-385.
- Guarda, P., A. Rouabah et M. Vardanyan (2013): Identifying bank outputs and inputs with a directional technology distance function Journal of Productivity Analysis 40(2): 185-195
- Guarda, P., A. Rouabah et J. Theal (2013): A mixture vector autoregressive framework to capture extreme events in macroprudential stress tests, Journal of Risk Model Validation, 7(4):1-31
- Marchiori, L., I.-L. Shen and F. Docquier (2013): Brain Drain in Globalization: A general equilibrium analysis from the source countries' perspective, Economic Inquiry, 51(2):1582-1602.
- Vassilopoulos C. and P. Caristi (2013): Eurosystem, Financial and Banking Law, European Review of Public Law, vol. 25, no 2, summer 2013.
- Ziegelmeyer, M. (2013): Illuminate the unknown: Evaluation of imputation procedures based on the SAVE Survey, Advances in Statistical Analysis 97(1): 49-76.
- Ziegelmeyer M. and J. Nick (2013): Backing out of private pension provision - Lessons from Germany, Empirica - Journal of European Economics 40(3): 505-539.

3.3.6.2 External presentations

- Monetary Policy Committee, European Central Bank, Frankfurt, Germany, January 2013
- 4th Economic Geography and International Trade (EGIT) workshop, Berlin, Germany, February 2013
- Eurosystem Household Finance and Consumption Network (HFCN) research seminar, Frankfurt, Germany, March 2013
- PHF – SAVE Conference on Household Finances, Saving and Inequality: An International Perspective, Eltville, Germany, March 2013
- *Séminaire économique du Statec*, Luxembourg, March 2013
- 4th Norface Migration Network Conference on "Migration: Global Development, New Frontiers", London, United Kingdom, April 2013
- EUI-nomics, European University Institute, Florence, Italy, April 2013

- Annual conference of the Swedish Network of European Research in Economics and Business (SNEE), Mölle, Sweden, May 2013
- Luxembourg Household Finance and Consumption Workshop, Luxembourg, June 2013
- *L'action de l'Eurosystème en temps de crise: et après?* Société Française des Analystes Financiers, Paris, France, June 2013
- 3rd annual conference of the International Network of Business and Management (INBAM) Journals, Lisbon, Portugal, June 2013
- Eurosystem Household Finance and Consumption Network (HFCN) research seminar, Vienna, Austria, June 2013
- Annual conference of the European Economic Association (EEA), Gothenburg, Sweden, August 2013
- Annual conference of the European Regional Science Association (ERSA), Palermo, Italy, August 2013
- 25th Annual Conference of the European Association of Labour Economists (EALE), Turin, Italy, September 2013
- Central Bank independence: some thoughts, The Institute for Global Financial Integrity (TIGFI), Luxembourg, September 2013
- European Conference on Household Finance, Rome, Italy, September 2013
- Eurosystem Household Finance and Consumption Network (HFCN) Conference, Frankfurt, Germany, October 2013
- The Eurosystem in perspective: a few challenges ahead, The International Bankers Club, Luxembourg, October 2013
- The monetary policy implementation of the Eurosystem in times of crisis, EFAMA-ICI Brussels, Belgium, November 2013
- *Conférence du Réseau d'Etudes sur le marché du Travail et de l'Emploi Luxembourgeois (RETEL) on Les jeunes et l'emploi*, Mondorf-les-Bains, Luxembourg, November 2013

Paper copies of publications can be obtained at the BCL's counters as long as stocks last and according to the BCL's conditions. The BCL's publications may be downloaded from the website www.bcl.lu

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3.4 EUROPEAN CENTRAL BANK PUBLICATIONS

For a complete list of documents published by the European Central Bank, as well as for the translated versions in all official languages of the European Union, please visit the ECB's website www.ecb.int

ORDER: Postfach 160319
D-60066 Frankfurt am Main
<http://www.ecb.int>

3.5 MONETARY, ECONOMIC AND FINANCIAL STATISTICS PUBLISHED ON THE WEBSITE OF THE BCL (WWW.BCL.LU)

1. Monetary policy statistics

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- 1.2 Luxembourg minimum reserve statistics

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3.6 LIST OF ABBREVIATIONS

ABBL	Association des Banques et Banquiers, Luxembourg
ABS	Asset-Backed Securities
ALCO	Asset and Liability Management Committee
ATTF	Agence de transfert de technologie financière (<i>Luxembourg Agency for the Transfer of Financial Technology</i>)
BCL	Banque centrale du Luxembourg
BIS	Bank for International Settlement
CCB	Correspondent Central Bank
CCBM	Correspondent Central Banking Model
CETREL	Centre des transferts électroniques Luxembourg (<i>Center for Electronic Transfers Luxembourg</i>)
CLS	Continuous linked settlement
CPSS-IOSCO	Committee on Payment and Settlement Systems - International Organization of Securities Commissions
CSD	Central Securities Depositories

CSSF	Commission de surveillance du secteur financier
EBA	European Banking Authority
ECB	European Central Bank
EFC	Economic and Financial Committee
EFSF	European Financial Stability Facility
EIB	European Investment Bank
EMU	Economic and Monetary Union
ESA 1995	European System of Accounts
ESCB	European System of Central Banks
ESM	European Stability Mechanism
ESMA	European Securities and Market Authority
ESRB	European Systemic Risk Board
EU	European Union
EUR	euro
EUROSTAT	Statistical office of the European communities
FSB	Financial Stability Board
GDP	Gross Domestic Product
IMF	International Monetary Fund
LCR	Liquidity Coverage Ratio
LFF	Luxembourg for Finance
LSF	Luxembourg School of Finance
LTRO	Longer Term Refinancing Operations
LU	Luxembourg
MRO	Main Refinancing Operations
NCB	National Central Banks
NSFR	Net Stable Funding Ration
OECD	Organisation for Economic Cooperation and Development
SDR	Special Drawing Rights
SEPA	Single European Payment Area
SSM	Single Supervisory Mechanism
SSS	Securities settlement system
STATEC	Institut national de la statistique et des études économiques (<i>National Institute for Statistics and Economic Studies</i>)
TARGET system	Trans-European Automated Real-time Gross settlement Express Transfer system
TFEU	Treaty on the Functioning of the European Union
TSCG	Treaty on Stability, Coordination and Governance in the Economic and Monetary Union
UCI	Undertaking for Collective Investments
UCITS	Undertaking for Collective Investments in Transferable Securities
USD	US Dollar

3.7 GLOSSARY

Balance of payments (b.o.p.): a statistical statement that summarises, for a specific period of time, the economic transactions of an economy with the rest of the world. The transactions considered are those involving goods, services and incomes; those involving financial claims on, and liabilities to, the rest of the world; and those (such as debt forgiveness) that are classified as transfers.

Central counterparty: an entity that interposes itself between the counterparties to the contracts traded in one or more financial markets, becoming the buyer to every seller and the seller to every buyer.

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

Collateral: assets pledged or otherwise transferred (e.g. by credit institutions to central banks) as a guarantee for the repayment of loans, as well as assets sold (e.g. by credit institutions to central banks) under repurchase agreements.

Consolidated balance sheet of the MFI sector: a balance sheet obtained by netting out inter-MFI positions (e.g. inter-MFI loans and deposits) in the aggregated MFI balance sheet. It provides statistical information on the MFI sector's assets and liabilities vis-à-vis residents of the euro area not belonging to this sector (i.e. the general government and other euro area residents) and vis-à-vis non-euro area residents. It is the main statistical source for the calculation of monetary aggregates, and it provides the basis for the regular analysis of the counterparts of M3.

Correspondent Central Banking Model (CCBM): a mechanism established by the European System of Central Banks with the aim of enabling counterparties to use eligible collateral on a cross-border basis. In the CCBM, NCBs act as custodians for one another. Each NCB has a securities account in its securities administration for each of the other NCBs (and for the European Central Bank).

Council of the European Union: the institution of the EU made up of representatives of the governments of the EU Member States, normally ministers responsible for the matters under consideration and the relevant European Commissioner (see also ECOFIN Council).

Counterparty: the opposite party in a financial transaction (e.g. any party transacting with a central bank).

Covered bond purchase programmes (CBPP and CBPP2): an ECB programme, based on the decision of the Governing Council of 7 May 2009 to purchase euro-denominated covered bonds issued in the euro area in support of a specific financial market segment that is important for the funding of banks and was particularly affected by the financial crisis. The purchases under the programme were for a nominal value of 60 billion euro and they were fully implemented by 30 June 2010. On 6 October 2011 the Governing Council decided to launch a second covered bond purchase programme, the CBPP2. Between November 2011 and October 2012, a nominal amount of € 16.4 billion was purchased on the primary and secondary markets. The CBPP2 ended in November 2012, as scheduled. As of 31 December 2013, the outstanding amount of the CBPP was € 41.6 billion; the outstanding amount of the CBPP2 was € 15.4 billion.

Credit institution: 1) an undertaking whose business is to receive deposits or other repayable funds from the public and to grant credits for its own account; or 2) an undertaking or any other legal person, other than those under (1), which issues means of payment in the form of electronic money. The most common types of credit institutions are banks and saving banks. See also electronic money (e-money).

Economic analysis: One pillar of the European Central Bank's framework for conducting a comprehensive analysis of the risks to price stability, which forms the basis for the Governing Council's monetary policy decisions. The economic analysis focuses mainly on the assessment of current economic and financial developments and the implied short to medium-term risks to price stability from the perspective of the interplay between supply and demand in goods, services and factor markets at those horizons. Due attention is paid to the need to identify the nature of shocks affecting the economy, their effects on cost and pricing behaviour, and the short to medium-term prospects for their propagation in the economy (see also monetary analysis).

Economic and Monetary Union (EMU): the process that led to the single currency, the euro, and the single monetary policy in the euro area, as well as to the coordination of the economic policies of the EU Member States. This process, as laid down in the Treaty, took place in three stages. Stage Three, the final stage, started on 1 January 1999 with the transfer of monetary competence to the European Central Bank and the introduction of the euro. The cash changeover on 1 January 2002 completed the process of setting up EMU.

ECOFIN Council: Council of the European Union reuniting/meeting at the level of the ministers of economics and finance.

Economic and Financial Committee (EFC): a committee which contributes to the preparation of the work of the ECOFIN Council and the European Commission. Its tasks include reviewing the economic and financial situation of both Member States and the EU, and contributing to budgetary surveillance.

Electronic money (e-money): An electronic store of monetary value on a technical device that may be widely used as prepaid bearer instrument for making payments to undertakings other than the issuer, without necessarily involving bank accounts in the transactions.

EONIA (euro overnight index average): a measure of the effective interest rate prevailing in the euro interbank overnight market. It is calculated as a weighted average of the interest rates on unsecured overnight lending transactions denominated in euro, as reported by a panel of contributing banks.

EURIBOR (euro interbank offered rate): the rate at which a prime bank is willing to lend funds in euro to another prime bank, as reported by a panel of contributing banks, computed daily for interbank deposits with different maturities of up to 12 months.

ERM II (exchange rate mechanism II): the exchange rate mechanism which provides the framework for exchange rate policy cooperation between the euro area countries and the non-euro area EU Member States. ERM II is a multilateral arrangement with fixed, but adjustable, central rates and a standard fluctuation band of 15%. Decisions concerning central rates and, possibly, narrower fluctuation bands are taken by mutual agreement between the EU Member State concerned, the euro area countries, the ECB and the other EU Member States participating in the mechanism. All participants in ERM II, including the ECB, have the right to initiate a confidential procedure aimed at changing the central rates (realignment).

Euro: The name of the European single currency adopted by the European Council at its meeting in Madrid on 15 and 16 December 1995 and used instead of the term ECU originally employed in the Treaty.

Euro area: the area encompassing those Member States which have adopted the euro as the single currency in accordance with the Treaty and in which a single monetary policy is conducted under the responsibility of the Governing Council of the European Central Bank. The euro area currently comprises Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.

Eurogroup: an informal gathering of the ministers of economy and finance of the EU Member States whose currency is the euro.

European Central Bank (ECB): the ECB lies at the centre of the Eurosystem and the European System of Central Banks (ESCB) and has its own legal personality in accordance with the Treaty (ARTICLE 282(3)). It ensures that the tasks conferred upon the Eurosystem and the ESCB are implemented either through its own activities or through those of the NCBs, pursuant to the Statute of the ESCB. The ECB is governed by the Governing Council and the Executive Board, and, as a third decision-making body, by the General Council.

European Financial Stabilisation Mechanism (EFSM): an EU facility, based on Article 122(2) of the Treaty, that allows the European Commission to raise up to €69 billion on behalf of the EU for lending to EU Member States experiencing, or being threatened with, exceptional circumstances beyond their control. EFSM lending is subject to strong conditionality in the context of joint EU-IMF programmes.

European Financial Stability Facility (EFSF): a limited liability company established by the euro area counterparties, on an intergovernmental basis, for the purpose of providing loans to the euro area countries in financial difficulties. Such financial assistance is subject to strong conditionality in the context of joint EU-IMF programmes. The EFSF has an effective lending capacity of €440 billion, and its loans are financed through the issuance of debt securities, guaranteed by euro area countries on a pro rata basis.

European Monetary Institute (EMI): A temporary institution established at the start of stage two of Economic and Monetary Union on 1 January 1994. It went into liquidation upon the establishment of the European Central Bank on 1 June 1998.

European Stability Mechanism (ESM): an intergovernmental organisation established by the euro area countries on the basis of the Treaty establishing the European Stability Mechanism. It is a permanent crisis management mechanism for the euro area which issues debt instruments in order to finance loans and other forms of financial assistance to euro area countries. The ESM entered into force on 8 October 2012. It has an effective lending capacity of €500 billion and replaced both the European Financial Stability Facility and the European Financial Stabilisation Mechanism. ESM lending is subject to strict conditionality.

European System of Central Banks (ESCB): composed of the European Central Bank (ECB) and the NCBs of all 28 EU Member States, i.e. it includes, in addition to the members of the Eurosystem, the NCBs of those Member States whose currency is not the euro. The ESCB is governed by the Governing Council and the Executive Board of the ECB, and, as a third decision-making body of the ECB, by the General Council.

European Systemic Risk Board (ESRB): an independent EU body responsible for the macro-prudential oversight of the financial system within the EU. It contributes to the prevention or mitigation of systemic risks to financial stability that arise from developments within the financial system, taking into account macroeconomic developments, so as to avoid periods of widespread financial distress.

Eurosystem: the central banking system of the euro area. It comprises the European Central Bank and the NCBs of the Member States that have adopted the euro.

Eurosystem's international reserves: These comprise the reserve assets of the European Central Bank (ECB) and the reserve assets held by the national central banks (NCBs) of the participating Member States. Reserve assets must 1) be under the effective control of the relevant monetary authority, whether the ECB or the NCB of one of the participating Member States, and 2) comprise highly liquid, marketable and credit-worthy foreign (i.e. non-euro) currency-denominated claims on non-euro area residents, plus gold, special drawing rights and the reserve positions in the International Monetary Fund of the participating NCBs.

Executive Board: one of the decision-making bodies of the ECB. It comprises the President and the Vice-President of the ECB and four other members appointed by the European Council, acting by a qualified majority, on a recommendation from the EU Council, after it has consulted the European Parliament and the ECB.

Fiduciary money: banknotes and coins having the status of legal tender.

Financial stability: condition in which the financial system- comprising financial intermediaries, markets and market infrastructures- is capable of with standing shocks and the unraveling of financial imbalances, thereby mitigating the likelihood of disruptions in the financial intermediation process which are severe enough to significantly impair the allocation of savings to profitable investment opportunities.

Fine-tuning operations: an open market operation executed by the Eurosystem in order to deal with unexpected liquidity fluctuations in the market. The frequency and maturity of fine-tuning operations are not standardised.

Foreign exchange swap: Simultaneous spot and forward transactions exchanging one currency against another. The Eurosystem can execute open market operations in the form of foreign exchange swaps, where the national central banks (or the European central bank) buy or sell Euro spot against a foreign currency and, at the same time, sell or buy them back in forward transaction.

General Council: one of the decision-making bodies of the European Central Bank (ECB). It comprises the President and the Vice-President of the ECB and the governors of all the NCBs of the European System of Central Banks.

Governing Council: supreme decision-making body of the European Central Bank (ECB). It comprises all the members of the Executive Board of the ECB and the governors of the NCBs of the Member States that have adopted the euro.

Harmonised index of the consumer prices (HICP): a measure of the development of consumer prices that is compiled by Eurostat and harmonized for all EU Member states.

Key ECB interest rates: the interest rates, set by the Governing Council, which reflect the monetary policy stance of the European Central Bank. They are the rates on the main refinancing operations, the marginal lending facility and the deposit facility.

Longer-term refinancing operations: a regular open market operation executed by the Eurosystem in the form of reverse transactions. Such operations are carried out through a monthly standard tender and normally have a maturity of three months. During the financial market turmoil that started in August 2007, supplementary operations with maturities ranging from one maintenance period to one year were conducted, the frequency of which varied.

Main refinancing operations: a regular open market operation executed by the Eurosystem in the form of reverse transactions. Such operations are carried out through a weekly standard tender and normally have a maturity of one week.

MFIs (monetary financial institutions): financial institutions which together form the money issuing sector of the euro area. These include the Eurosystem, resident credit institutions (as defined by Community law) and all other resident financial institutions whose business is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or invest in securities. The latter group consists predominantly of money market funds.

M1, M2, M3: cf. monetary aggregates

Monetary aggregates: Currency in circulation, plus outstanding amounts of certain liabilities of monetary financial institutions and central governments that have a relatively high degree of liquidity and are held by non-MFI euro area residents outside the central government sector. The narrow monetary aggregate M1 has been defined as currency in circulation plus overnight deposits. The “intermediate” monetary aggregate M2 comprises M1 plus deposits with agreed maturity of up to two years and deposits redeemable at notice of up to three months. The broad monetary aggregate M3 includes M2 plus repurchase agreements, money market funds shares and units, money market paper and debt securities with a maturity of up to two years. In October 1998, the Governing Council announced a reference value for the growth of M3, which it has since reformed (see also reference value for monetary growth).

Monetary analysis: one pillar of the European Central Bank’s framework for conducting a comprehensive analysis of the risks to price stability, which forms the basis for the Governing Council’s monetary policy decisions. The monetary analysis helps to assess medium to long-term trends in inflation, in view of the close relationship between money and prices over extended horizons. The monetary analysis takes into account developments in a wide range of monetary indicators including M3, its components and counterparts, notably credit, and various measures of excess liquidity (see also economic analysis).

Open market operations: an operation executed on the initiative of a central bank to influence the financial market. With regard to their aims, regularity and procedures, Eurosystem open market operations can be divided into four categories: main refinancing operations; longer-term refinancing operations; fine-tuning operations; and structural operations. As for the instruments used, reverse transactions are the main open market instrument of the Eurosystem and can be employed in all four categories of operations. In addition, the issuance of debt certificates and outright transactions are available for structural operations, while outright transactions, foreign exchange swaps and the collection of fixed-term deposits are available for the conduct of fine-tuning operations.

Outright Monetary Transactions (OMTs): transactions that aim to safeguard an appropriate monetary policy transmission and the singleness of the monetary policy in the euro area through purchases of euro area government bonds in the secondary market based on strict and effective conditionality.

Outright transaction: A transaction whereby assets are bought or sold up to their maturity (spot or forward).

Price Stability: the maintenance of price stability is the primary objective of the Eurosystem. The Governing Council defines price stability as a year-on-year increase in the Harmonised Index of Consumer Prices for the euro area below 2%. The Governing Council has also made it clear that, in the pursuit of price stability, it aims to maintain inflation rates below, but close to, 2% over the medium term.

Real-time gross settlement (RTGS) system: a settlement system in which processing and settlement take place on a transaction-by-transaction basis in real time (see also TARGET)

Reserve base: the sum of the eligible balance sheet items (in particular liabilities) that constitute the basis for calculating the reserve requirement of a credit institution.

Reserve ratio: the ratio defined by the central bank for each category of eligible balance sheet items included in the reserve base. The ratio is used to calculate reserve requirements.

Reserve requirement: the minimum amount of reserves a credit institution is required to hold with the Eurosystem over a predefined maintenance period. Compliance with the requirement is determined on the basis of the average of the daily balances in the reserve accounts over the maintenance period.

Reverse transaction: an operation whereby the central bank buys or sells assets under a repurchase agreement or conducts credit operations against collateral.

Securities Markets Programme (SMP): a programme set up in May 2010 for conducting interventions in the euro area public and private debt securities markets to ensure depth and liquidity in dysfunctional market segments with a view to restoring an appropriate monetary policy transmission mechanism. The SMP was terminated when the technical features of the Outright Monetary Transactions were announced on 6 September 2012. As of 31 December 2013, the outstanding amount of the SMP was € 178.8 billion.

Securities settlement system (SSS): a system which allows the transfer of securities, either free of payment or against payment (delivery versus payment).

Stability and Growth Pact (SGP): intended to serve as a means of safeguarding sound government finances in the EU Member States in order to strengthen the conditions for price stability and for strong, sustainable growth conducive to employment creation. The SGP has two arms – a preventive arm and a corrective arm. The preventive arm prescribes that Member States specify medium-term budgetary objectives, while the corrective arm contains concrete specifications on the excessive deficit procedure.

Systemic Risk: the risk that the inability of one participant to meet its obligations in a system will cause other participants to be unable to meet their obligations when due, with possible spillover effects such as significant liquidity or credit problems that may threaten the stability of the financial system. Such inability may be caused by operational or financial problems.

TARGET2: the second-generation TARGET system. It settles payments in euro in central bank money and functions on the basis of a single shared IT platform, to which all payment orders are submitted for processing.

TARGET2-Securities (T2S): the Eurosystem's single technical platform enabling central securities depositories and NCBs to provide core, borderless and neutral securities settlement services in central bank money in Europe.

Treaty on the Functioning of the European Union (TFEU): Following entry into force of the Treaty of Lisbon on 1 December 2009, the Treaty establishing the European Community was renamed the Treaty on the Functioning of the European Union (TFEU). This Treaty - referred to as the Treaty of Rome (signed in Rome on 25 March 1957) - entered into force on 1 January 1958 to establish the European Economic Community (EEC). The Treaty establishing the European Community was subsequently amended by the Treaty on European Union (often referred to as the Maastricht Treaty) which was signed on 7 February 1992 and entered into force on 1 November 1993, thereby establishing the EU. Thereafter, both the Treaty establishing the European Community and the Treaty on the European Union were amended by the Treaty of Amsterdam, signed on 1 October 1997 and in force as of 1 May 1999, the Treaty of Nice, signed on 28 February 2001 and in force as of 1 February 2003, and then by the Treaty of Lisbon.

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