03 ANNEXES

3 ANNEXES

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2014/N°19 of 15 December 2014

Regulation of the "Banque centrale du Luxembourg" 2014/N°19 of 15 December 2014 amending the regulation of the Banque centrale du Luxembourg 2014/N°18 of 21 August 2014 implementing the Guideline ECB/2014/31 concerning additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral and amending Guideline ECB/2007/9.

Domain: Monetary Policy

2014/N°18 of 21 August 2014

Regulation of the "Banque centrale du Luxembourg" 2014/N°18 of 21 August 2014 concerning the implementation of the guideline of the European Central Bank of 9 July 2014 concerning additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral and amending Guideline ECB/2007/9 (recast) (ECB/2014/31). The regulation 2014/18 repeals and replaces the regulations BCL/2013/15 and BCL/2014/16.

Domain: Monetary Policy

2014/N°17 of 21 July 2014

Regulation of the "Banque centrale du Luxembourg" 2014/N°17 of 21 July 2014 concerning the collection of statistical data from financial companies amending the Regulation of the "Banque centrale du Luxembourg" 2011/N°8 of 29 April 2011 concerning the collection of statistics from companies which grant loans or issue debt securities or derivative instruments to affiliates.

Domain: Balance of payments and International investment position

2014/N°16 of 12 May 2014

Regulation of the "Banque centrale du Luxembourg" 2014/N°16 of 12 May 2014 implementing the Guideline of the European Central Bank of 12 March 2014 amending Guideline ECB/2013/4 on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral and amending Guideline ECB/2007/9.

Domain: Monetary Policy

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Circular n°237 of 28 May 2014

Modification of the statistical data collection for money markets funds and non-MMF investment funds - to all undertakings for collective investment.

To all investment companies in capital risk (SICAR).

Circular n° 236 of 25 April 2014

Modification of the statistical data collection of securitisation vehicles - to all securitisation vehicles.

Circular n° 235 of 20 January 2014

Modification of the statistical reporting from credit institutions - to all credit institutions

3.3 LIST OF BCL PUBLICATIONS PUBLISHED IN 2014

3.3.1 BCL bulletins

- BCL Bulletin 2014/4, December 2014[54]
- BCL Bulletin 2014/3, October 2014
- BCL Bulletin 2014/2 – not published[55]
- BCL Financial Stability Review, June 2014
- BCL Bulletin 2014/1, March 2014

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

- Annual Report 2013, French version, May 2014
- Annual Report 2013, English version, August 2014

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° 94, December 2014
  How do households allocate their assets? Stylised facts from the Eurosystem Household Finance and Consumption Survey, by Luc Arrondel, Laura Bartiloro, Pirmin Fessler, Peter Lindner, Thomas Y. Mathä, Cristiana Rampazzi, Frederique Savignac, Tobias Schmidt, Martin Schürz and Philip Vermeulen.

54 Published in February 2015.

55 Please refer to the press releases of 16 June and 18 July 2014 available on the BCL website.

- Working paper n° 93, December 2014
  Household Saving Behaviour and Credit Constraints in the Euro Area, by Julia Le Blanc, Alessandro Porpiglia, Federica Teppa, Junyi Zhu and Michael Ziegelmeyer.

- Working paper n° 92, June 2014
  The Eurosystem, the banking sector and the money market, by Paul Mercier.

- Working paper n° 91, June 2014
  Household wealth in the euro area: The importance of intergenerational transfers, homeownership and house price dynamics, by Thomas Y. Mathä, Alessandro Porpiglia and Michael Ziegelmeyer.

- Working paper n° 90, May 2014
  Wealth differences across borders and the effect of real estate price dynamics: Evidence from two household surveys, by Thomas Y. Mathä, Alessandro Porpiglia and Michael Ziegelmeyer.

- Working paper n° 89, March 2014
  Cross-border commuting and consuming: An empirical investigation, by Thomas Y. Mathä, Alessandro Porpiglia and Michael Ziegelmeyer.

- Working paper n° 88, March 2014
  2007-2013: This is what the Indicator told us - Evaluating the Performance of Real-Time Nowcasts from a Dynamic Factor Model, by Muriel Nguiffo-Boyom.

- Working paper n° 87, March 2014
  Déficit, Croissance et bien-être intergénérationnel: comment réformer les pensions au Luxembourg ?, par Muriel Bouchet, Luca Marchiori et Olivier Pierrard.

- Working paper n° 86, February 2014
  The Impact of the Exchange Rate on Luxemburg Equity Funds, by Mustafa Kultur and Romuald Morhs.

- Working paper n° 85, February 2014
  Household Risk taking after the Financial Crisis, by Sarah Necker and Michael Ziegelmeyer.

- Working paper n° 84, February 2014
  Household Risk Management and Actual Mortgage Choice in the Euro Area, by Michael Ehrmann and Michael Ziegelmeyer.

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 of the BCL's numismatic products (2014)

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 (2014):Once burned, twice shy? Financial literacy and wealth losses during the financial crisis, Review of Finance, 18(6), 2215-2246.

- Martin D. and O. Pierrard (2014): On-the-job search and cyclical unemployment: Crowding out vs. vacancy effects, Journal of Economic Dynamics and Control, Vol. 44, pp 235–250.

3.3.6.2 External presentations

- European Commission Seminar on Housing, Brussels, December 2014.
- Conférence annuelle du Réseau d'Etudes sur le marché du Travail et de l'Emploi Luxembourgeois (RETEL – Observatoire de l'emploi), Mondorf-les-Bains, December 2014.
- The Competitiveness Research Network (CompNet) Workshop, Frankfurt, Germany, December 2014.
- Conférence "Five Years of Crisis – Lessons Learned and Paths Towards a Resilient European Monetary Union", Trier, Germany, October 2014.
- 2nd Luxembourg Household Finance and Consumption Workshop, Luxembourg, June 2014.
- Annual conference of the Swedish Network of European Research in Economics and Business (SNEE), Mölle, Sweden, May 2014.
- Annual Meeting of the Austrian Economic Association, NOeG 2014, Vienna, May 2014.
- Comité économique et social, Luxembourg, March and May 2014.
- EUI-nomics 2014 : Debating the economic conditions in the euro area and beyond, Florence, Italy, April 2014.
- Eurosystem Household Finance and Consumption Network (HFCN) research seminar, Frankfurt, Germany, March 2014.
- International Conference "International labor mobility and inequality across nations", Clermont-Ferrand, France, January 2014.

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:

Banque centrale européenne
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)

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- 1.2 Luxembourg minimum reserve statistics

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3.6 LIST OF ABREVIATIONS

ABBL	Association des Banques et Banquiers, Luxembourg
ABS	Asset-Backed Securities
ATTF	Agence de transfert de technologie financière *(Luxembourg Agency for the Transfer of Financial Technology)*
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 *(Center for Electronic Transfers Luxembourg)*
CLS	Continuous linked settlement
CPMI	Committee on Payments and Market Infrastructure
CPSS	Committee on Payment and Settlement
CRD	Capital Requirement Directive
CRR	Capital Requirement Regulation
CSD	Central Securities Depositories
CSSF	Commission de surveillance du secteur financier
EBA	European Banking Authority
ECAF	Eurosystem Credit Assessment Framework
ECB	European Central Bank
EFC	Economic and Financial Committee

EFSF	European Financial Stability Facility
EIB	European Investment Bank
EMU	Economic and Monetary Union
EPC	European Payments Council
ESCB	European System of Central Banks
ESM	European Stability Mechanism
ESMA	European Securities and Markets 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
IOSCO	International Organization of Securities Commissions
LCR	Liquidity Coverage Rate
LFF	Luxembourg for Finance
LSF	Luxembourg School of Finance
LU	Luxembourg
MP	Maintenance period
MRA	Maximum Risk Allowance
MRO	Main Refinancing Operations
NCB	National Central Banks
NSFR	Net Stable Funding Ratio
OECD	Organisation for Economic Cooperation and Development
SDR	Special Drawing Rights
SEPA	Single Euro Payments Area
SSM	Single Supervisory Mechanism
SSS	Securities settlement system
STATEC	Institut national de la statistique et des études économiques du Grand-Duché du Luxembourg *(National Institute for Statistics and Economic Studies)*
TARGET	Trans-European Automated Real-time Gross settlement Express Transfer system
TFEU	Treaty on the Functioning of the European 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, CBPP2 and CBPP3): 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 CBBP2 ended in November 2012, as scheduled. As of 31 December 2014, the outstanding amount of the CBPP was € 28.7 billion; the outstanding amount of the CBPP2 was € 12.8 billion and the outstanding amount of the CBPP3 was € 27.9 billion.

CPMI-IOSCO: The Committee on Payments and Market Infrastructures (CPMI) promotes the safety and efficiency of payment, clearing and securities settlement related arrangements. The CPMI monitors and analyses developments in these arrangements and is a global standard setter in this area. It also serves as a forum for central bank cooperation in related oversight, policy and operational matters.

The International Organization of Securities Commissions (IOSCO) is a body that brings together the world's securities regulators. The organization develops among others internationally recognized standards of regulation, oversight and enforcement aiming at protecting investors and promoting integrity of securities markets.

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 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.

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.

EURO1: Multilateral net payment system providing same-day settlement at a pan-European level. EURO1 is operated by EBA Clearing and settles large-value interbank payments in euro.

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 and the ECB. The Eurosystem and the SEBC are governed by the decision-making bodies of the ECB, i.e. by the Governing Council, by 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 creditworthy 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.

G10: The Group of Ten (G10) refers to the group of countries that have agreed to participate in the General Arrangements to Borrow (GAB), a supplementary borrowing arrangement that can be invoked if the IMF's resources are estimated to be below member's needs. The GAB was established in 1962, when the governments of eight IMF members—Belgium, Canada, France, Italy, Japan, the Netherlands, the United Kingdom, and the United States—and the central banks of two others, Germany and Sweden, agreed to make resources available to the IMF for drawings by participants and, under certain circumstances, for drawings by nonparticipants.

G20: The Group of Twenty (G20), refers to a group of key advanced and emerging market economies that was created in 1999, in response to the financial crisis in the late 1990s, to modernise the international financial architecture, strengthen policy coordination between its members, and promote financial stability. In recent years it has increasingly influenced the debate on the global economic and financial policy agenda.

The membership of the G20 comprises the G7 countries (Canada, France, Germany, Italy, Japan, United Kingdom and the United States), Argentina, Australia, Brazil, China, India, Indonesia, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey and the European Union, which is represented by the rotating Council Presidency and the European Central Bank.

Jointly G20 members represent about 85 per cent of global gross domestic product, over 75 per cent of global trade, and two-thirds of the world's population.

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.

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 TARGET2).

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 ECB 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.

SDR (Special Drawing Rights): The SDR was created by the IMF in 1969 as an international reserve asset to supplement its member countries' official reserves. Its value is currently based on a basket of four key international currencies: the euro, the Japanese yen, the pound sterling, and the US dollar. The SDR is neither a currency, nor a claim on the IMF. Rather, it is a potential claim on the freely usable currencies of IMF members.

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.

Standing Facilities: Standing facilities aim to provide and absorb overnight liquidity, signal the general monetary policy stance and bound overnight market interest rates. Two standing facilities, which are administered in a decentralised manner by the NCBs, are available to eligible counterparties on their own initiative: the marginal lending facility and the deposit facility.

STEP2: Pan-European Automated Clearing House (PE-ACH) for retail payments in euro. The clearing house is operated by EBA Clearing.

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-Securtities (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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