

STP Glossary

Important Publisher's Note: This quick reference is provided by the Publisher and must not be taken as definitive; all information below must be confirmed with the relevant authorities by all intending to use them as a reference.

Affirmation

Part of the trade confirmation routine, normally used to describe the process of one counter party affirming trade details that have been submitted by the other counter party to the transaction.

Allegation

Part of the trade confirmation routine, used to describe the process of one counter party submitting trade details to the other counter party for affirmation/confirmation.

Allocation

The process by which investment managers allocate parts of a block deal to individual accounts and/or funds that they manage. Trades are usually confirmed at a block level, then allocations are advised to the broker/dealer by the manager.

Block

A single trade that may subsequently be split into different parts as a result of allocations.

Central counter party (CCP)

A central counter party replaces the initial counter party to a trade, guaranteeing that the trade will be completed and enabling anonymous trading. CCPs are normally owned and operated by the market's participants.

Central securities depository (CSD)

A central agency, normally owned by its members, that has ultimate responsibility for the safekeeping of all eligible securities of a country or market. A CSD either maintains electronic records of holdings (dematerialised) or holds physical securities in its vaults (immobilised).

Clearing

The calculation, normally on an end-of-day basis, of the cash and stock obligations of each of the members of a central trade clearing organisation.

Code of practice

Normally drawn up by a user group, this is the (voluntary) recommended method of usage for a service.

Counterpart, counter party

One of the two direct participants in a trade.

Delivery versus payment (DvP)

The simultaneous exchange of good value cash and securities in settlement of a trade.

DTCC

The Depository Trust & Clearing Corporation, holding

company for the Depository Trust Company and the National Securities Clearing Corporation of the US.

Electronic Trade Confirmation (ETC)

The automated process of confirming trade details between the two counter parties, prior to settlement.

Financial Information Exchange (FIX)

A series of message protocols that standardise communication between fund managers and broker/dealers prior to a trade being struck.

Industry User Group (IUG)

The group of brokers and fund managers that established and managed the ETC initiative from 1991 onwards.

Institutional Delivery System (ID)

Launched in 1973, ID was the trade confirmation service of the Depository Trust Company, the central securities depository for US securities. DTC's confirmation services are now incorporated into the Trade Suite brand.

Interested party

A party that has a connection with a trade, even though it is not one of the counter parties - e.g., a custodian or a fund manager's client. (Not to be confused with interesting party, which is probably where you would rather be right at this moment).

International Securities Association for Institutional Trade Communication - International Operations Association (ISITC-IOA)

A global working committee of securities operations professionals representing custodians, investment managers, brokers and vendors. The group's mission is to foster alliances and advocate standards that promote straight-through processing of securities transactions. Founded in 1992 (as Industry Standardisation for Institutional Trade Communication), ISITC eventually took over the Electronic Trade Confirmation initiative.

International Securities Market Association (ISMA)

The self-regulatory organisation and trade association for the international bond market, ISMA owns and operates TRAX, a trade matching service.

Inter-Vendor Link (IVL)

The protocols and mechanism through which the three original ETC providers - Thomson ESG, DTC and ISMA - linked to each other so that users could still communicate without having to have all three services.

ISO 15022

The latest version of message standards for securities, based on the data field dictionary concept.

Market Side Matching (MSM)

The process of trade matching between the broker and the dealer/market maker.

Matching

The process of comparing the trade details submitted into a central engine/system by both trade counter parties (cf. Confirmation).

National Securities Clearing Corporation (NSCC)

US trade clearing and netting agency, and central counter party.

Netting

Normally undertaken by a central counter party or clearing house, where each participant's obligations are netted out so that only one cash payment has to be made or received at the end of each day.

Notice of Execution (NOE)

A message issued by the broker/dealer to the client, either in electronic or paper form, after the trade order has been executed.

OASYS Global

Omgeo's electronic trade confirmation service.

Same-Day Affirmation (SDA)

Amazingly, and probably uniquely, exactly what it says it is. A trade is affirmed - matched or confirmed - on the same day as it is executed. Would that all life were this simple.

SEQUAL

Electronic trade matching and confirmation service of the

London Stock Exchange, bought by Thomson Financial ESG in 1996. One of the ETC services recommended by the IUG in 1992.

Society for Worldwide Interbank Financial Telecommunications (SWIFT)

Market co-operative, owned by more than 2,000 banks, that runs a global financial messaging network. SWIFT is also responsible for maintaining and developing securities message standards (see ISO15022 above).

Standing Instructions Database (SID)

Database of standard settlement instructions held on Omgeo's TradeSuite service.

Standard Settlement Instructions (SSI)

Instructions for the receipt/delivery of cash and stock that can be established and stored on a central database (e.g., ALERT, SID), thus avoiding the need to re-key the instructions for each transaction.

Straight-Through-Processing (STP)

End-to-end automation of the trading and settlement process, from order execution through to final settlement. STP needs standardised electronic message delivery and information transfer between all parties involved in the process.

TradeSuite

The central messaging and settlement hub of DTCC, incorporating trade confirmation, standing settlement instructions and custodian communication.

TRAX

The transaction matching and regulatory reporting system of ISMA. One of the ETC services recommended by the IUG in 1992.



You know us through our connections

Enabling connection to any FIX Network.
SGX Access (FIX 4.2), Reuters RORE and SWIFTNET FIX networks.

IFIS Execution Venue System (EVS)

Profitability
Arbitrage
Capital Gains
Order Execution
Bull Market
Global Market

info@ifis.com.sg

