

International Glossary

BIC- Bank Identifier Code: The BIC is an 8-character code also known as the SWIFT address and is uniquely assigned to banks. Branch codes can be added to the BIC to further designate which branch of a bank should receive the SWIFT message. When a branch code is added, the BIC has 11 characters. (I.E - BARCGB22 or DEUTDE3B400).

Buy: The exchange rate set above market rate, based on a selected spread.

CHIPS UID- Clearing House Interbank Payments System Universal Identifier: An electronic clearinghouse database system, which facilitates the transfer of funds from both individual consumers and institutions. The CHIPS UID system is that its database contains all the necessary information to identify specific participants, such as name, address, routing number, account number, etc. However, all of this information is kept confidential within the system and each participant's information is linked to a six-digit code, which is referred to as the CHIPS UID.

CLABE: Clave Bancaria Estandarizada, Spanish for Standardized Bank Code: is a banking standard for the numbering of bank accounts in Mexico. This standard is a requirement for the sending and receiving of domestic inter-bank fund transfers. The CLABE account code has 18 digits. The CLABE replaces the old Mexican account numbering system where the account number had 11 digits.

Exchange Rate: Current market price for which one currency can be exchange for another.

FBC- Foreign Bank Code: Is a code assigned to an international bank by their central banking system. This helps the bank determine where the wire needs to end up. It identifies both the bank and can identify the branch where the account is held.

Final Collection (Foreign Cash Letter): A type of foreign check transaction process that guarantees funds; a USD check that is not drawn on Canadian bank, must be processed as Final Collection. This process may take up to 6-8 weeks. The paying bank will take additional fees off the credit amount. One item per transaction & check must exceed \$500 USD.

Foreign Draft: An alternative to foreign currency or wire. A foreign draft is a bank draft which is drawn on a financial institution in the country of currency.

FX- Foreign Exchange: Is a form of exchange for the global trading of international currencies.

Financial centers around the world function as anchors of trading between a wide range of different types of buyers and sellers around the clock, with the exception of weekends. The foreign exchange market determines the relative values of different currencies.

Hedging: Locking in a buy or sell rate in advance to avoid market fluctuations.

IBAN (International Bank Account Number): A standard numbering system developed to identify bank accounts from around the world. The IBAN number consists of a two-letter country code followed by two check digits and up to thirty alphanumeric characters known as the basic bank account number (BBAN). *NOTE: If an IBAN is provided for an international wire, it should be entered in the beneficiary account number field in place of the beneficiary's account number. The IBAN is preferred since it contains more information on how the wire should be routed. *For a complete listing of countries that utilize IBANs, visit the Education Station folder from the Resource Center tab.*

International Letter of Credit: A letter from a bank guaranteeing that a buyer's payment to a seller will be received on time and for the correct amount. In the event that the buyer is unable to make payment on the purchase, the bank will be required to cover the full or remaining amount of the purchase.

International Lockbox: A service that allows financial institutions to exchange their foreign checks for US Dollars.

OFAC- Office of Foreign Assets Control: The Office of Foreign Assets Control (OFAC) of the US Department of the Treasury administers and enforces economic and trade sanctions based on US foreign policy and national security goals against targeted foreign countries and regimes, terrorists, international narcotics traffickers, those engaged in activities related to the proliferation of weapons of mass destruction, and other threats to the national security, foreign policy or economy of the United States.

Par Value: Par Value is also known as Face Value. In example, the par value of 10 US Dollars is the face value- 10 US Dollars. This term is commonly used when discussing Foreign Currency.

Provisional Credit (Foreign Cash Letter): This transaction type is an option available on the Lockbox Header Ticket for the International Lockbox. It can be used to process any Canadian check (whether written in US Dollars or Canadian Dollars) and most checks that are written in a foreign currency. These credits are provisional. If that check is returned for any reason and within any timeframe, you will be charged back for the item at the current exchange rate plus any return item fees.

Sell: The exchange rate set below market rate, based on a selected spread.

Spread: A percentage set above the current market price.

Spot Rates: This is a rate of a foreign exchange contract for immediate delivery. Also known as 'benchmark rates', 'straightforward rates' or 'outright rates', spot rates represent the price that a buyer expects to pay for a foreign currency in another currency.

SWIFT (Society for Worldwide Interbank Financial Telecommunications): Global communication network that facilitates 24-hour secure international exchange of instructions and communications between banks, central banks, multinational corporations, and major securities firms.

SWIFT Code: An internationally-recognized identification code for banks around the world. SWIFT codes are comprised of 8 alpha-numeric characters. An additional three character can be added to the 8 character SWIFT to designate a branch location of the main financial institution.

**Note that an 11-digit SWIFT code where the branch code is made up of 'XXX' identifies the main financial institution.*