

## Answering the DCP Questionnaire - CSD's Common Answers and KELER's individual answers

Dear DCPs,  
with this document you receive the common answers of the CSDs and KELER's individual answers based on current understanding and progress in the various sub-groups. As work is still in progress, please notice that some provided answers may still be subject to change. In general, the questions of the DCP Questionnaire have been split into "common" (C) and "individual" (I) questions. The individual questions will separately be answered by each CSD.

### Basic Definitions

**Definition of DCP Certification:** According to the Framework Agreement and the User Testing Terms of Reference, the DCP Certification aims to provide evidence that the DCP can interact with T2S and that DCP's adapted IT platform does not harm T2S due to inappropriate technical communication or procedures. As the DCP Certification is under the responsibility of the ECB, the ECB will define the test cases which need to be successfully executed. The DCPs shall plan their Eurosystem Certification testing during the first two (2) to four (4) weeks of the Community testing stage.

**Definition of DCP Authorization** The CSDs are responsible for the authorization and therefore define the test scenarios that a DCP needs to successfully execute to show its compliance with CSD's processing according to market and legal specific requirements. The scenarios will cover specific business processes including market and CSD specific requirements (e.g. domestic settlement, crossborder market scenarios with In-CSD and Out-CSD and further specific scenarios). The DCP Authorization needs to be successfully passed by the DCP for each its CSDs prior to the end of the Community Test stage.

No.	Assumptions	CSDs Comments
(i)	All CSDs should provide for the possibility for CSD participants to become DCPs.	<p>For some CSDs the offering of DCP connectivity is still under assessment and will be/has been published on individual basis per CSD. Many CSDs have communicated already their position regarding their intention to offer direct connectivity to their participants or not. The question was also raised on whether or not CSDs should invest in adapting their systems to offer direct connectivity in case no participant wants to make use of it. Therefore - as agreed in the DCF already - the CSG Chair Office proposes to monitor the situation (both the DC offering by CSDs and the intention from CSDs participants to act as DCP on T2S markets) on regular basis.</p> <p>Please also refer to the attached document "CSDs survey on offering of DCP services".</p> <div data-bbox="1711 780 1839 869" data-label="Image"> </div>
(ii)	All parties have an interest in avoiding redundancies and duplications in the DCP certification, testing and authorization process.	T2S is responsible for certification and this is standardized. The scope of the certification testing is limited to assessing technically the ability for a DCP to connect to T2S without harming the platform (please also refer to the definition of certification and authorization above). On the other hand, the authorisation concept relates to the specific functional testing that users - incl. DCPs - will have to perform with the various CSDs they are connected to, to assess that configuration parameters are properly defined and set up. Test cases to be executed here will differ from CSD to CSD. Testing is a bilateral agreement between each DCP and each CSD which uses it. Each CSD is responsible for its authorisation, which is different for each of the CSDs. The CSDs aim to achieve a high degree of standardization where possible. However, the degree of standardization depends on market and legal specific characteristics.
(iii)	The purpose of DCP testing is not to test the functioning of T2S as such; it is to ensure that the end-to-end flow of information from DCP systems to T2S, possibly to CSD legacy systems, and then back from T2S to DCP systems, functions appropriately.	T2S acceptance is in the remit of the CSDs. Tests performed by the users of the CSDs - incl. DCPs - aim at assessing the proper functioning of the services offered by the CSDs. It is also under the responsibility of the DCPs to test the full interoperability of their own system with the T2S platform during the community and business day testing. Please also refer to the definition of DCP Authorization.

(iv)	CSDs are aiming to achieve the greatest level of standardization possible with regard to testing/authorization	Please refer to assumption (ii) and the definition of DCP Certification/Authorization.
(v)	DCPs can connect to the T2S infrastructure during connectivity testing together with CSDs and NCBs. However, the ECB certification and CSD authorization of DCPs will be performed/ passed at a later stage, in parallel with the regular end-to-end-testing during the community testing phase.	Based on the current known User Testing plan, DCPs shall indeed be able to access the community test environment for connectivity set-up and testing before the start of the Community Testing phase (earliest three and latest two months prior to the start of Community Testing phase). However, such access will be subject to a green light process (details to be defined) as CSDs should achieve sufficient confidence on the compliance of T2S with the Specifications (acceptance testing), as well as on their ability to interact properly with T2S.  Please note that the involvement of the DCPs during the user testing phase needs further clarification and therefore, it will be discussed in a specific DCP testing information session.
(vi)	We expect CSDs to provide a standardized DCP service level and configuration set-up in respect of core settlement services and competing services for non-core settlement services (e.g. registration).	CSDs are aiming for a standardization and harmonization to the extent possible (see also Harmonization Subgroup activities). However, service levels (e.g. first line of customer support) and configuration setup (e.g. message subscription) may differ among the CSDs as well as non-core settlement services.
(vii)	We assume that all DCPs who have provided an unbinding commitment to the CSDs/ECB by the 15th of October 2013 deadline can become DCPs at any point in time once their respective CSD has migrated to T2S (i.e. on or after the migration weekend of their CSD or at any later point in time). Some DCPs (e.g. CCPs) may request to use the DCP connection during the migration weekend for instructions to be settled on the first T2S business day for the migrating CSD. In this case DCP instructions will be part of the migration scenario. Detailed migration procedures need to be defined. In any case, some features need to be available to DCPs (e.g. static data) before the migration of their respective CSDs.	Users' representation is foreseen in the Migration Sub-Group as well as User Testing Sub-Group. The positioning of DCPs should be defined with the aim to reduce to the extent possible the risk that is inherent to the migration process. In general, DCPs are allowed to migrate either together with the respective CSD on the wave specific cut-over weekend, or at any point in time afterwards, except during a stabilisation period (minimum 4 weeks after a cut-over weekend). Static data set-up / change on a migration weekend will be avoided as far as possible. A set-up will be done in the pre-migration phase of minimum 3 months prior to the weekend. If a DCP has a relationship with multiple CSDs this aspect will need to be analysed bilaterally or even multilaterally.
(viii)	According to the UDFS, "the technical sender is the T2S Actor submitting an A2A or an U2A request to T2S (...) The business sender is the T2S Actor creating the business payload of an A2A or an U2A request to be submitted to and processed by T2S. In some instructing scenarios, the business sender and the technical sender can be different T2S Actors". We understand that the business sender of an instruction can be the account owner or the account operator.	Based on current known information the assumption is valid. The business sender can also be the instructing party and/or the technical sender. The instructing party can either be the securities account owner or a party granted privilege to instruct on this securities account or the CSD managing this securities account.

No.	Questions	Common/Individual	CSD Answers
<b>1</b>	<b>DCP Certification by Eurosystem</b>		
<b>1.1</b>	<b>Testing</b>		
1.1.1	When will the test script be made available?	C	- The test script will be made available latest 6 months (Sept. 09, 2014) prior to the start of the Community Testing of wave 1.
1.1.2	Will there only be core testing scripts or also market specific ones?	C	- Given the scope of certification testing (i.e. "The T2S Actor successfully demonstrates its ability to send and to receive messages from T2S through A2A communication mode and/or its ability to log successfully into the GUI depending on the interface the participant is intending to use in production") scripts should be standardized and executed only once by DCPs. - In case of significant scope changes a re-certification may be necessary.
1.1.3	Please could you provide a list of the certification criteria?	C	- Potential scope of Eurosystem Certification as proposed by the Eurosystem (Feb. 2013 PMG): <b>1) Extended Connectivity aspects:</b> The T2S Actor successfully demonstrates its ability to send and to receive messages from T2S through A2A communication mode and/or its ability to log successfully into the GUI depending on the interface the participant is intending to use in production. (will materialize through the definition of a set of test cases to be executed as part of Community testing) <b>2) Operational aspects</b> (to be further clarified by the Eurosystem): The T2S Actor shall show their readiness to participate in the business continuity testing (e.g. disaster recovery). <b>3) Client readiness and Legal aspects:</b> The T2S Actor has ensured its own compliance with Information Security requirements according to its internal standards, regulatory requirements and/or best practices and has provided evidence that it has implemented them.  - The CSDs assume the certification criteria to be delivered together with the test scripts.  - Please also refer to the Term of Reference and the DCP Certification definition.
1.1.4	How soon after testing is the certification received/ what is the duration of certification period?	C	- The DCPs shall plan their Eurosystem Certification testing during the first two (2) to four (4) weeks of the Community testing stage. - The exact timing between successful execution of testing and certificate issuance has to be further clarified by the Eurosystem.
1.1.5	Will there be any limitation imposed by the CSD or the Eurosystem regarding the availability of testing windows for the DCP certification process?	C	- The DCP Certification testing is in the responsibility of the Eurosystem, but service levels committed for User Testing (e.g. 85% system availability) will apply. - The user testing calendar provides further details regarding the availability of the T2S test environments.
1.1.6	Will any training be provided for DCP users before testing commences (e.g. training on how to use test scripts)?	C	- According to the Framework Agreement, DCP training will be mainly provided by the CSDs. However, for specific topics such as the DCP certification testing the Eurosystem could be mandated to conduct training sessions. In September 2014, it is planned to publish a test guide for DCPs.
<b>1.2</b>	<b>Costs</b>		
1.2.1	Are there any costs which will be passed on to the DCP?	C	- CSDs will answer this question at a later stage.
<b>1.3</b>	<b>Duplication</b>		
1.3.1	How is duplication in certification/testing avoided and will there be full end-to-end testing?	C	- Please refer to question 1.1.2

No.	Questions	Common/Individual	CSD Answers
<b>1.4</b>	<b>Scope</b>		
1.4.1	What is the scope of the DCP certification vis a vis the ECB? Will connectivity and functional capacity be checked?	C	- Please refer to the definition of DCP certification and question 1.1.3
1.4.2	Does the technical sender or the business sender or both of the aforementioned senders need to be certified?	C	- Please refer to assumption (viii) and question 2.4.1 - Question needs further clarification with the Eurosystem
<b>2</b>	<b>DCP Authorization by CSDs/NCBs</b>		
<b>2.1</b>	<b>Criteria</b>		
2.1.1	What will be the additional authorization criteria imposed by the CSDs; when will this be made public, will it be linked to MSAs, and will it depend on the level of DCP connectivity (A2A, U2A)?	C	- After a DCPs' successful certification by the Eurosystem regarding the technical connectivity to T2S, a DCP has to be authorized by its respective CSD (see definition above). The CSDs will aim to standardize the authorization process as far as possible, but still have to account for market and legal specific characteristics. There will be no additional authorization criteria required from the CSDs from a technical point of view. The timing of the publication of the core set of authorization criteria still needs to be defined. Market specific authorization criteria will be published by each CSD individually (timing to be defined). - The authorization criteria will not be linked to the configuration of MSAs.
2.1.2	Are there specific legal requirements to be fulfilled by a CSD participant to become a DCP (as compared to ICPs)? If so, please could you provide details of these? Are there specific liability clauses for the DCP business? If so, please could you provide details of these? What legal documentation will be required to be signed between DCPs and their respective CSDs and under which law is this to be regulated (in particular with regard to a potential back-to-back liability)?	C	- A DCP will sign a contract with its respective CSD. The contract will be specific per CSD and will be subject to the CSD's country specific law. Publications of legal documents have to be arranged on bilateral relations.
2.1.3	Are there any specific technical requirements to be fulfilled by a CSD participant in order to become a DCP?	C	- Please refer to the definition of DCP certification and question 1.1.3
<b>2.2</b>	<b>Consistency</b>		
2.2.1	How will the CSDs harmonize their authorization criteria for DCPs and streamline them with the NCB?	C	- Please refer to question 2.1.1
<b>2.3</b>	<b>Conflicts</b>		
2.3.1	What would happen if a DCP is certified/authorized by the Eurosystem, CSD A and B, but not by CSD C? Does a procedure exist in the case of such a disagreement?	C	- If a DCP is certified by the Eurosystem to become a DCP, it is eligible to connect to T2S directly. The certification of the DCP by the Eurosystem is a prerequisite for the authorization by the respective CSD. (Please also refer to the definition of certification and authorization). - If a DCP fails the authorization of a specific CSD it will not become a DCP for this very market

No.	Questions	Common/Individual	CSD Answers									
2.4	Configuration											
2.4.1	Does the technical sender or the business sender or both of the aforementioned senders need to be certified?	C	<div>- A business sender needs to be authorized by its respective CSD. This implies that the business sender has already been certified by the Eurosystem.</div> <div>- A technical sender, based on the current available information, only needs to be certified by the Eurosystem. The authorization of the DCP technical sender needs to be clarified.</div> <table><tr><td></td><td>Certification</td><td>Authorization</td></tr><tr><td>Business sender</td><td>x</td><td>x</td></tr><tr><td>Technical sender</td><td>x</td><td>(x)</td></tr></table>		Certification	Authorization	Business sender	x	x	Technical sender	x	(x)
	Certification	Authorization										
Business sender	x	x										
Technical sender	x	(x)										
2.5	Testing											
2.5.1	When will the test script be made available?	C	<div>- The test scripts for the DCP Authorization will be disclosed by each CSD when publishing its respective Detailed Functional Description.</div>									
2.5.2	Will there only be core testing scripts or also market specific testing scripts?	C	<div>- The DCP Authorization testing will be specific per CSD and therefore, there will be also market specific testing scripts.</div> <div>- Please also refer to the definitions of DCP Authorization.</div>									
2.5.3	How soon after testing is the CSD authorization received/ what is the duration of the CSD authorization period?	C	<div>- According to the current test concept, DCP authorization must be passed as part of the community testing of the respective CSD. As such it is an entry criteria to start the business day testing.</div>									
2.5.4	Will there be any limitation imposed by the CSD or the Eurosystem regarding the availability of testing windows for the CSD authorization process?	C	<div>- The testing window for the authorization is determined by the community testing phase of the migration wave of the respective CSD or at a later wave.</div> <div>- Please also refer to questions 1.1.5 and 2.5.3</div>									
2.5.5	As DCP we may want to execute our own tests, which could involve various messages and scenarios. These tests might require assistance from the CSD (account setup, ISIN availability etc.) and also assistance from other actors. Will there be any assistance offered by the Eurosystem, the CSDs and/ or the NCBs?	C	<div>- In the context of the certification/authorization, DCPs have to follow the test requirements published by the Eurosystem and the respective CSD. On top of this, DCPs are welcome to execute their own tests. It is a duty for CSDs to be diligent in supporting and monitoring the readiness of their community.</div>									
2.6	Costs											
2.6.1	Are there any costs which will be passed on to the DCP?	I	Tbd.									

No.	Questions	Common/Individual	CSD Answers
<b>3</b>	<b>DCP Service/Configuration</b>		
<b>3.1</b>	<b>Scope</b>		
3.1.1	What services will be offered by each CSD to DCPs and by when will the respective service descriptions be made public? Which services will not be made available to DCPs?	I	KELER plans to offer different kind of DCP packages providing a high degree of flexibility. We foresee that one of the packages will provide full T2S functionality for DCPs. Service descriptions are to be finalized and made public in Q4 2013.
3.1.2	Please could you provide a more detailed description of the DCP services that each CSD will offer for each asset class (equities, fixed income, funds, etc.), for which types of operations (OTC, on-exchange, repos etc.) and by when (i.e. as of their migration date or after)?	I	DCP services are to be provided from Wave3 migration for all asset classes (to be further clarified when KELER's service description is made available).
3.1.3	Do CSDs plan to offer the main T2S features (H&R, partialisation, prioritisation linkage, etc.) to DCPs?	I	Yes.
3.1.4	When will the user adaptations general requirements be provided (first draft, intermediary versions, final release)?	I	H1 2014 is foreseen.
3.1.5	Could you please explain how you intend to implement the T2S access rights concept for DCPs (e.g. one access right/ user per CSD, each user is to be identified via its BIC 11)? Will there be a single proposed set of DCP access rights? Or will there be a 'menu' to choose from depending on the DCP/CSD preferences?	I	Tbd.
3.1.6	Once an entity declares itself to be a DCP, what degree of flexibility will it have in terms of its business activity?	I	See also. 3.1.1.
3.1.6.1	Do all instructions of the DCP have to be channelled via DCP mode or will the DCP also be able to send some instructions in ICP mode?	I	All instructions that can be submitted to T2S in DCP mode could also be channelled through KELER in ICP mode.
3.1.6.2	Does the CSD allow the DCP configuration on securities account level/ instruction level? Which additional configurations will be allowed by the CSD? For example, if a securities account is administered in DCP mode (i.e. instructions indicating this account are sent directly to T2S and the reporting is also received directly from T2S), is it possible to operate the securities account in a so-called "mixed mode", i.e. certain instructions indicating this SAC, selected by the DCP (not imposed by the CSD), can also be sent in ICP mode or the reporting for instructions sent in DCP mode can be received in ICP mode? How does the CSD receive information about the DCP instructions and the related reporting (i.e. frequency of copies received, real-time, number of batches per day)?	I	KELER is to ensure flexibility in configuration at both account and instruction level and regarding the frequency of receiving information about DCP instructions and related reporting from T2S. To be clarified in the service description.
3.1.7	From our perspective, user adaptations general requirements documentation should provide at least:	-	
3.1.7.1	A full overview of the CSD services (pre-settlement, settlement, corporate actions, position management, reporting, connectivity...)	I	Yes.

No.	Questions	Common/Individual	CSD Answers
3.1.7.2	For each of the above, a quick reminder of what is provided, a general description of the service and the process that will be provided in the T2S settlement day (highlighting the changes), and what will be the required user adaptations (high level), distinguishing between ICPs and DCPs.	I	Yes.
3.1.7.3	(i) All of the functional topics mentioned in this document should be covered (e.g. for settlement: matching, validation, etc.) and (ii) all of the functional questions included in this document should be answered.	I	We agree.
3.1.8	When will user adaptations detailed requirements be provided (first draft, intermediary versions, final release)?	I	Q4 2014-Q1 2015
3.1.9	The user adaptations detailed requirements documentation must provide, at least, the following for each service impacted by T2S:	-	
3.1.9.1	A detailed description of the processing (sequence diagram, input/output information), indicating interactions between ICPs and/or DCPs, the local market infrastructure (CCP, CSD, NCB...), T2S, and other possible actors (e.g. issuer / paying agents).	I	Yes.
3.1.9.2	Specifications of specific business rules	I	Yes.
3.1.10	Within T2S there will be interactions between CSDs and CCPs, what will be the impact on DCPs?	I	Needs further analysis.
3.1.11	What settlement-related services may still require a link with CSDs i.e. services which are not (fully) performed by T2S? Especially in the case of cross-border settlement with non-T2S CSDs	C	- In general, as a DCP you have the option to establish a ICP channel with your respective CSD in parallel to your DCP channel for settlement related services and services which are not offered by the T2S platform. An overview of the service offering related to the connectivity mode will be provided per CSD in its Detailed Functional Description.
3.1.12	In particular, please could you describe the cases where a DCP may have to send its instruction to the CSD?	C	- Please refer to question 3.1.11
3.1.13	In what cases will the CSD interfere with the T2S settlement process (e.g. using CSD hold)?	C	- Please refer to question 3.1.11

No.	Questions	Common/Individual	CSD Answers
3.2	<b>Timing</b>		
3.2.1	Will CSDs allow DCPs to go live in their migration wave? Will DCPs be permitted as of day one of the CSD migration? If not, as of when will they be permitted?	C	- Based on current knowledge, DCPs are allowed to migrate either together with the respective CSD on the wave specific cut-over weekend, or at any point in time afterwards, expect during a stabilisation period (minimum 4 weeks after a cut-over weekend). However, the exact timing of a joint or separate migration are subject to bilateral agreements between CSD and DCP.
3.2.2	For pending transactions on the DCPs' accounts, which are migrated by the CSD during the migration weekend, what activities will be available to the DCP (inquiry, status updates, amendments, H&R, cancellation, etc.)? Alternatively, will such pending instructions continue to be managed by the CSD, whereby the DCP will only be able to directly handle new instructions sent to T2S from the first business day after migration onwards?	C	- The migration sub-group is currently defining the necessary pre-migration and migration activities and timings (including issue resolution, i.e. migration of pending instructions). - The Migration sub-group will also care about the integration of the DCPs within those procedures
3.3	<b>Configuration</b>		
3.3.1	How do CSDs intend to receive updates on their DCPs activity: real-time, batch, and what will be the associated cost?	I	See 3.1.6.2
3.4	<b>Set-up</b>		
3.4.1	Will the CSDs ensure that the right access model/privileges are assigned for all systems (including T2S) or will the DCP be able to "serve itself"? When will the DCP be able to start making these necessary configurations in T2S static data? During the migration weekend or even prior to this?	C	- CSD's customer will receive all settlement relevant privileges and access rights. As work is still in progress further information are planned to be published during fall 2013. - Based on current knowledge, the DCPs are allowed to set up their static data and configuration during the pre-migration phase, if it has been agreed that they will migrate together with the respective CSD on the migration weekend (please refer to question 3.2.1). - It is recommended to finish set up activities not later than 2 weeks prior to the cut-over weekend. This implies that any static data set up should be avoided during the migration weekend itself. - If a DCP will migrate later than the official migration wave of the respective CSD, the set up period has to be defined.
3.5	<b>Consolidation</b>		
3.5.1	Are DCPs allowed to use a single T2S interface to instruct/receive reports on all their T2S accounts irrespective of the CSD with which the securities accounts are held?	I	Needs further analysis.

No.	Questions	Common/Individual	CSD Answers
<b>3.6</b>	<b>Contingency</b>		
3.6.1	What happens if the connectivity between DCP and T2S breaks down: who is responsible/what service level will be provided?	C	- For technical connectivity issues between DCPs and T2S, DCPs can contact the T2S service desk directly. For functional/business aspects the respective CSD must be contacted. - The Operations Manager Group will cover the proceeding of contingency scenarios.
3.6.2	Can DCPs contact T2S directly?	C	- Please refer to question 3.6.1
3.6.3	Is a specific "mini-agreement" to be established for DCPs to regulate contingency arrangements? Will this be uniform across all CSDs? From our point of view, the backup contingency should only focus on areas or criteria not specifically covered by the VAN selected by the ES. Within this context, a backup link should be as limited as possible in terms of scope and freedom of choice should be given to the DCP (e.g. (1) ICP through the CSD, (2) using another VAN or (3) using the backup of the connection through its single VAN provider).	C	- Incident, business contingency and crisis management procedures are currently being defined by the Operations Manager Group in the Manual of Operational Procedures. A switch from DCP to ICP connectivity mode could be considered as potential contingency measure.
3.6.4	Will CSDs require DCPs to have an ICP-style connectivity with the CSD in addition to the DCP set-up (e.g. for instructions not going to T2S and/or for backup purposes)? What is the rationale and what are the requirements?	C	- Please refer to question 3.1.11 - Current understanding is that it is recommended for DCPs for fallback/backup reasons to be in a position to work in an ICP mode.
<b>3.7</b>	<b>Costs</b>		
3.7.1	Will the CSD prices be different for DCP vs ICPs?	I	Should be part of KELER's T2S DCP offer in Q4 2013.
3.7.2	What will the CSD charge the DCP for communication (e.g. T2S communication fee, VAN-service provider costs of the CSD, CSD communication costs and the CSD network provider costs charged to the CSD participant)?	I	See 3.7.1.
3.7.3	What will the CSD charge the ICP for communication?	I	See 3.7.1.
<b>3.8</b>	<b>Others</b>		
3.8.1	Will the CSD propose any value-added services for DCPs?	I	Yes - range of services will be part of KELER's T2S DCP offer in Q4 2013 .
3.8.2	From your perspective, what are the pros and cons of becoming a DCP in your CSD?	I	KELER will provide flexible and competitive solutions for DCPs.