AGREEMENT

OF \([\text{DATE}]\)

ON THE PARTICIPATION OF

\([\text{NCB}]\)

IN

TARGET2-SECURITIES
Currency Participation Agreement

This Agreement is entered into on [DATE] between:

The European Central Bank
Kaiserstraße 29
60311 Frankfurt am Main
Germany

and

Nationale Bank van België/Banque Nationale de Belgique
de Berlaimontlaan/Boulevard de Berlaimont 14
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Currency Participation Agreement

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Spain

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Currency Participation Agreement

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Portugal

Banka Slovenije
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1505 Ljubljana
Slovenia

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Slovakia
Currency Participation Agreement

Suomen Pankki
Snellmaninaukio
00170 Helsinki
Finland

(hereinafter collectively referred to as ‘Eurosystem’ or ‘Eurosystem Central Banks’)

and

[NCB]
[address]

The parties to this Agreement are referred to collectively as the ‘Parties’ or individually as a ‘Party’.
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PREAMBLE

Whereas:

A) On 6 July 2006, the Governing Council decided to explore, in cooperation with the Central Securities Depositories (hereinafter the ‘CSDs’) and other market participants, the possibility of setting up a new Eurosystem service for securities settlement in Central Bank Money, to be called TARGET2-Securities. As part of the Eurosystem’s tasks in accordance with Articles 17, 18 and 22 of the Statute of the European System of Central Banks and of the European Central Bank (hereinafter the ‘Statute of the ESCB’), T2S aims to facilitate post-trading integration by supporting core, neutral and borderless pan-European cash and securities settlement in Central Bank Money so that CSDs can provide their customers with harmonised and commoditised settlement services in an integrated technical environment with cross-border capabilities. As the provision of Central Bank Money is a core task of the Eurosystem, T2S has the nature of a public service. The Eurosystem will provide collateral management services and settlement in Central Bank Money in T2S in euro.

B) Settlement in Central Bank Money avoids liquidity risks and is therefore essential for sound post-trading of securities, and for the financial market in general.

C) On 17 July 2008, the Governing Council decided to launch the T2S project and to provide the resources required until its completion. On the basis of an offer made by the Deutsche Bundesbank, the Banco de España, the Banque de France and the Banca d’Italia (hereinafter the ‘4CB’), the Governing Council also decided that T2S would be developed and operated by the 4CB.

D) On 21 April 2010, the Governing Council adopted the Guideline ECB/2010/2 on TARGET2-Securities of 21 April 2010 (hereinafter the ‘T2S Guideline’), which lays down the basic foundations of the T2S Programme in its Development Phase and further specifies the governance procedures of the Eurosystem applicable in this context. On the same day, the Governing Council endorsed the Second T2S Protocol on the granting by the Eurosystem Central Banks to each other of a power of attorney to sign the Framework Agreement with the CSDs, in the name and on behalf of all Eurosystem Central Banks.

E) Article 3 of the T2S Guideline provides that the governance of the T2S Programme within the Eurosystem is based on three levels. Level 1 (Governing Council) is responsible for the direction, overall management and control of the T2S Programme, has responsibility for the ultimate decision-making in this thereto and decides on the allocation of tasks not specifically attributed to Levels 2 and 3. Level 2 (T2S Board) is in charge of the tasks assigned to Level 2 within the gen-

1OJ L 118, 12.5.2010, p. 65.
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eral framework defined by the Governing Council. Level 3 (4CB) develops and operates T2S. The [NCB] has full and exclusive authority, in particular, to make available, set-up, monitor, block and close the DCAs in [currency] in T2S and shall be closely involved in the governance related to all matters of relevance for Connected NCBs in T2S as further specified in this Agreement.

F) General Principle [10] of T2S provides that T2S will be technically capable of settling currencies other than the euro. As regards the wish of the [NCB] to make the [currency] available for Central Bank Money settlement in T2S, and subject to the signing of this Agreement, including its Schedules (‘Agreement’), the Governing Council has approved its eligibility on [date].

G) The Parties recognise that each Party to this Agreement has responsibility for retaining full control over its currency and maintaining its ability to implement monetary policy, exert efficient oversight of its market infrastructure and carry out its obligations for financial stability.

H) The Eurosystem and the [NCB] will exchange sensitive information pursuant to the terms of this Agreement. Moreover, T2S will also process sensitive data stemming from either of the Parties. Therefore, it is the common interest of the Parties to maintain the confidentiality of any such data according to applicable law. Pursuant to Article 37 of the Statute of the ESCB, national legislation or other principles of law, members of the governing bodies and the staff of the Central Banks are required, even after their duties have ceased, not to disclose information of the kind covered by the obligation of professional secrecy.

I) The Parties also acknowledge the importance of cooperating closely with respect to oversight and supervisory requirements that may apply in relation to this Agreement.

J) Notwithstanding the provisions on governance and dispute resolution set out in this Agreement, it is the common understanding of the Parties that they will use their best efforts and act in good faith to prevent any dispute arising out of this Agreement. In the event of any such a dispute, the Parties agree to settle it in an amicable way taking into particular account their respective roles as public authorities in respect of certain rights and obligations to be performed under this Agreement, and will use all possible technical means to resolve any such dispute to the extent they comply with the General Principles of T2S, the Multilateral Character of T2S and the eligibility conditions as set out in [Article 18(1)] OR [Article 18(2)] of the T2S Guideline.

Now, therefore, the Parties agree as follows:
CHAPTER 1
SCOPE, DEFINITIONS AND INTERPRETATION OF THE AGREEMENT

Article 1
Subject matter and scope

1. T2S shall be based on a single technical platform integrated with Central Bank RTGS Systems. It is a service provided by the Eurosystem to Participating CSDs allowing for the core, neutral and borderless settlement of securities transactions in Central Bank Money. T2S shall support not only settlement of securities transactions in euro, but will also be open to Eligible NCBs that wish to participate by making their currencies available for Central Bank Money settlement in T2S.

2. The [NCB] shall have no contractual relationship with the 4CB in relation to T2S, other than with each of these four Central Banks as members of the Eurosystem, and shall waive any recourse against the 4CB in connection with matters covered by this Agreement to the extent permissible by applicable law.

3. The Eurosystem shall have no contractual relationship with the Connected NCBs’ Dedicated Cash Account Holders related to the use of [currency] for securities settlement in T2S.

4. This Agreement and the General Principles of T2S set out the scope of the T2S Services for the NCBs.

5. This Agreement sets out the Parties’ rights and obligations for the Development Phase and the Operational Phase.

Article 2
Definitions and interpretation

1. In this Agreement references:

(a) to applicable laws, Schedules, Annexes or other documents shall be deemed to refer, unless specified otherwise, to the respective applicable laws, Schedules, Annexes or other documents;

(b) to this Agreement (whether included in the Articles of the Agreement or in a Schedule or an Annex) shall include the Schedules and the Annexes;

(c) to ‘include’, ‘includes’, ‘including’, ‘in particular’ or ‘e.g.’ means ‘without limitation’;
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(d) to persons shall include natural and legal persons and shall include the permitted transferees and assignees of such individuals and legal entities;

(e) to the holder of any office or position of responsibility include references to such person as is from time to time appointed to exercise the functions of the holder;

(f) to any service or other matter or item as described, listed or specified in this Agreement shall include references to such service or other matter or item as removed, replaced, amended or edited from time to time under the terms of this Agreement;

(g) words in the plural shall have the same meaning when used in the singular and vice versa.

2. The heading and table of contents in this Agreement shall not affect its interpretation.

3. This Agreement is composed of the Preamble and of Articles 1 to [48] as well as Schedules 1 to [12] OR [13]. The Schedules and the Annexes to the Schedules form part of this Agreement and shall have the same force and effect as if expressly set out in Articles 1 to [48]. Schedule 1 (Definitions) sets out the meaning of terms in this Agreement, which are written with initial capital letters, other than proper nouns or titles of the Schedules to the Agreement.

In the event of any conflict or inconsistency between Articles 1 to [48], a Schedule or an Annex, [for NCBs with such a Schedule 13 only: and without prejudice to the NCB-specific Requirements as set out in Schedule 13], Articles 1 to [48] shall prevail. In the event of a conflict or inconsistency between Schedule 1 and the other Schedules [for NCBs with such a Schedule 13 only: (other than Schedule 13)], or between such other Schedules themselves, Schedule 1 shall prevail over the other Schedules [for NCBs with such a Schedule 13 only: other than Schedule 13] and shall be used to resolve conflicts or inconsistencies between such other Schedules except in the instances detailed here. In the event of a conflict between a Schedule and an Annex, the terms of the Schedule shall prevail. In the event of a conflict or inconsistency between this Agreement and any other document referenced or referred to it, this Agreement shall prevail.

4. Where this Agreement contains a German term as a translation of an English term, the German term shall be binding for the interpretation of this Agreement.

5. The T2S Scope Defining Set of Documents shall be part of this Agreement, unless and to the extent expressly specified to the contrary therein or in this Agreement. In case of such specification, the relevant part of the T2S Scope Defining Set of Documents shall have only interpretative value. The T2S Scope Defining Set of Documents may be complemented from time to time in accordance with Schedule 9. The Eurosystem shall aim at ensuring consistency between the T2S Scope Defining Set of Documents and Schedule 5 at all times. In the event of inconsistencies between documents, the last version of the most detailed document reviewed by the Parties in accordance with Chapter 3 of Annex 8 to Schedule 2 concerning the issue
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shall prevail. If a requirement or function is not specified in the GFS or the UDFS, the URD shall prevail. The T2S Documentation that is not part of the T2S Scope Defining Set of Documents is not part of this Agreement unless and insofar expressly specified to the contrary in this Agreement. The T2S Documentation may be complemented from time to time by the Eurosystem in accordance with Annex 8 to Schedule 2. The Eurosystem shall make the T2S Documentation available to the [NCB]. The T2S Documentation is not to be understood as amending, being part of, or supplementing this Agreement unless specifically provided for in this Agreement.

CHAPTER 2
RIGHTS AND OBLIGATIONS OF THE PARTIES

Article 3
Multilateral Character of T2S

1. The Parties acknowledge that T2S is multilateral in character in that it aims at facilitating European post-trading integration by supporting securities settlement in Central Bank Money, thereby combining the interests of Central Banks, Participating CSDs and all other T2S Actors. The Parties agree that actions that would have a material negative impact on any of the Connected NCBs or would not be in line with the aim of achieving securities settlement in Central Bank Money are incompatible with the Multilateral Character of T2S. The T2S Services shall be provided to Connected NCBs on the basis of uniform requirements and Governance rules, which include a framework for Specific Changes.

2. The Parties acknowledge that this Agreement shall not cover nor affect or prejudice any current or future role or policy or the exercise of any rights and discretions or obligations of the [NCB] and the Eurosystem, or require the disclosure of any information in the possession of the [NCB] and the Eurosystem in its capacity as operator of a Securities Settlement System or as a T2S User or T2S Actor, except where otherwise provided in this Agreement.

3. The Parties also acknowledge that this Agreement does not cover or affect or prejudice any current or future role or policy or the exercise of any rights and discretions or obligations of the [NCB] or the Eurosystem, or require the disclosure of any information in the possession of the [NCB] or the Eurosystem, with respect to its tasks or responsibilities under the Treaty or applicable law (including, for monetary policy, the supervision or oversight of payment and securities settlement or clearing systems and financial stability).
4. The [NCB] shall take, to the extent within the powers of the [NCB], all reasonable measures in relation to Legal and Regulatory Requirements, so that securities transactions in [currency] can be settled in T2S in Central Bank Money in accordance with the process specified in Schedule 4 and by the time stipulated in Schedule 2, as further specified in Article 15, as well as in order to make efficient use of T2S Services and to maintain the Multilateral Character of T2S.

5. The [NCB] shall not prevent the Eurosystem from entering into one or more Parallel CPAs.

6. The Eurosystem shall inform the [NCB] reasonably in advance whenever an Eligible NCB enters into a CPA with the Eurosystem or a CSD enters into a Framework Agreement with the Eurosystem.

7. Notwithstanding the common understanding of the Parties to this Agreement, that its main substantive terms are uniform with regard to all Connected NCBs, and the Multilateral Character of T2S, all rights and obligations of the [NCB] under this Agreement are exercised independently from the other Connected NCBs except where otherwise provided in this Agreement.

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**Article 4**

**Duty of loyal cooperation and information**

1. In the exercise of its rights and the performance of its obligations under this Agreement each Party shall:

   (a) act in good faith and cooperate with the other Party closely and transparently in their contractual relations; and

   (b) promptly give to the other Party notice of facts and information of which it is aware that may reasonably affect its own or the other Party’s ability to perform obligations under this Agreement in any material respect.

2. The Eurosystem shall maintain contact with the relevant Union institutions and bodies, and to the extent necessary under this Agreement with national authorities, including the Relevant Competent Authorities.

3. Notwithstanding that General Principle 9 of T2S provides that the primary focus of the Eurosystem is to ensure efficient and sound settlement services in euro, as well as any relevant provisions of the Statute of the ESCB or the Treaty on the Functioning of the European Union, and in line with General Principle 10 of T2S the Eurosystem is committed to treating the [NCB] in the same manner as the Eurosystem, to treating settlement in [currency] in the same manner as settlement in euro, to treating the RTGS System for [currency] in the same manner
as TARGET2 and to treating the [NCB’s] CMS in the same manner as the CMS(s) of the Eurosystem Central Banks.

**Article 5**

**Compliance with eligibility conditions for inclusion in T2S**

1. [For EEA NCB: Pursuant to Article 18(1) of the T2S Guideline, an EEA currency is eligible for use in T2S provided that the Non-euro Area NCB, Other Central Bank or other authority responsible for such currency enters into a CPA with the Eurosystem, and before signing the CPA, the Governing Council has approved the eligibility of the currency.] OR [For non-EEA NCB: Pursuant to Article 18(2) of the T2S Guideline, a currency other than an EEA currency is eligible for use in T2S provided that the Governing Council has approved the eligibility of such currency, if all the following conditions are met:

   (a) the legal, regulatory and oversight framework applicable to settlement in that currency provides substantially the same or a higher degree of legal certainty as that in force in the Union;

   (b) the inclusion of such currency in T2S would have a positive impact on the contribution of T2S to the Union securities settlement market;

   (c) the Other Central Bank or other authority responsible for such currency enters into a mutually satisfactory CPA with the Eurosystem.]

2. [For non-EEA NCB: The [NCB] shall ensure that the eligibility conditions of the [currency] as set out in Article 18(2)(a) of the T2S Guideline are met on an ongoing basis.]

**Article 6**

**Contracts with CSDs**

For the avoidance of doubt, the [NCB] acknowledges that pursuant to Article 16(3) of the T2S Guideline contracts with CSDs shall be approved by the Governing Council and subsequently signed by the Eurosystem Central Bank of the country where the seat of the CSD is located, or by the ECB for CSDs located outside the euro area, in either case acting in the name and on behalf of all Eurosystem Central Banks, and that, in relation to Ireland, the contract shall be signed by the Eurosystem Central Bank of the Member State that has notified the Securities Settlement System to ESMA in accordance with Article 10 of the Settlement Finality Directive.
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Article 7
Availability of expert personnel

Each Party shall ensure that sufficient and qualified personnel with appropriate expertise and training for the tasks in which they are engaged, are used to perform the duties and obligations under this Agreement.

Article 8
Compliance with Information Security requirements

1. The Eurosystem shall in accordance with and as described in Schedule 10:

(a) implement the Information Security framework for T2S;

(b) implement a process to manage Information Security in T2S by: (i) regularly reviewing the implementation and (ii) regularly aligning the T2S Security Requirements with technical developments;

(c) maintain the T2S Threat Catalogue;

(d) perform all activities related to Information Security in accordance with Schedule 10;

(e) report the results of Information Security reviews and provide additional information on request to the [NCB];

(f) report Information Security incidents to the [NCB] in accordance with the provisions set out in Schedule 10;

(g) provide all other relevant information to the [NCB] to allow the latter to fulfil its own risk management obligations and in particular inform the [NCB] if the Eurosystem decides to change its Information Security policy.

2. In view of ensuring Information Security for T2S, the [NCB] shall:

(a) ensure its own compliance with Information Security requirements in relation to T2S according to its internal standards, Legal and Regulatory Requirements and/or best practices;

(b) report Information Security incidents to the Eurosystem, if T2S or other T2S Actors might be impacted by such incidents; and

(c) report to the Eurosystem newly identified threats or detected gaps that might threaten T2S Information Security.

3. The Parties shall cooperate as follows:
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(a) The Eurosystem shall at least on a yearly basis deliver for review to the [NCB] the T2S Information Security Risk Evaluation Table and the T2S Information Security Risk Treatment plan, as further specified in Section 4.2 of Schedule 10.

(b) The Eurosystem shall maintain a consolidated action plan for all risks appearing in a T2S Information Security Risk Treatment plan which require follow-up, and shall deliver for review to the [NCB] an updated version of the action plan at least on an annual basis, as further specified in Section 4.2.2 of Schedule 10.

(c) The Eurosystem shall set up a multilateral coordination substructure, in accordance with the Governance, to coordinate and monitor the T2S Information Security Risk Management activities, as further specified in Section 4.3 of Schedule 10.

(d) If a disagreement arises in the substructure, each Party may escalate the issue to the Steering Level and, if the disagreement persists, may initiate the Dispute Resolution and Escalation Procedure, as further specified in Section 4.3 of Schedule 10.

(e) If a new Information Security risk is identified, or if an existing Information Security risk obtains a higher likelihood or impact score, the Eurosystem shall communicate such changes to the [NCB] in accordance with the incident response times specified in Schedule 6, as further specified in Section 4.3 of Schedule 10.

4. Any matters related to operational risk, which are not covered by this Article or in Schedule 10, shall be managed directly by the Steering Level.

5. The Eurosystem will implement an appropriate risk management framework and inform the [NCB] monthly about the risk situation.

Article 9
Obligations of the Eurosystem related to the development of T2S

The Eurosystem shall:

(a) establish T2S in performance of its public tasks and in accordance with the T2S Scope Defining Set of Documents and Schedule 5 and use reasonable efforts to allocate appropriate resources to its implementation and to respect the milestone deliverables set out in Schedule 2 in line with the agreed procedure for modifications as defined in Schedule 2;

(b) set up and maintain the T2S Programme Plan as well as assess and adjust the T2S Programme Plan, with a view to ensuring effective implementation of the T2S Services;

(c) report to and inform the [NCB] in accordance with Schedule 2 on the progress achieved;
(d) make available T2S Documentation to the [NCB] in line with Schedule 2;

(e) implement Common and Specific Changes to the T2S Services as requested by the [NCB] and managed by the Eurosystem in accordance with Article 23 and Schedule 9;

(f) provide reasonable support to the [NCB] during the Development Phase on request by the [NCB]; and

(g) submit processes and reasonable timelines in line with Schedule 9 to allow the [NCB] to review and agree on the preparation of the T2S Documentation as provided for in Article 10.

Article 10
Obligations of the [NCB] related to the development of T2S

As further specified in the relevant Schedules, the [NCB] shall participate in and contribute to the development of T2S as follows:

(a) it shall cooperate with the Eurosystem by adapting its own systems and processes, especially by ensuring adequate system interfaces and, to the extent within the power of the [NCB], reliable connections, and allocate appropriate resources to the implementation of its project plan, assess and adjust such project plan, to allow for the [NCB’s] operational and technical readiness for the use of the T2S Services and for the timely initiation of provision of such T2S Services. For the avoidance of doubt, such obligation of the [NCB] to adapt its own systems does not include an obligation to develop a full interface allowing Payment Banks to connect indirectly to T2S via the[NCB];

(b) it shall support the Eurosystem in the preparation of the T2S Documentation in accordance with Annex 8 to Schedule 2,

(c) it shall inform the Eurosystem whenever it has in its possession material information, whether of a technical or operational nature or in relation to Legal and Regulatory Requirements, that would in the absence of any action by the Eurosystem lead to a material adverse effect on the effective and harmonised functioning of the T2S Programme and/or T2S Services [for non-EEA currency: (including compliance with the eligibility conditions set out in Article 18(2)(a) of the T2S Guideline)];

(d) it shall use reasonable efforts to respect the milestone deliverables set out in Schedule 2, as applicable, set up its own project plan for the implementation of the T2S Programme, allocate resources to successive versions of the T2S Documentation, with the view to ensuring effective use of the T2S Services in accordance with the timelines referred to in
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Article 9[(g)], and report on the progress of its project plan and its readiness for the effective implementation of the T2S Services;

(e) it shall provide appropriate support to the Eurosystem in its relationship with the Relevant Competent Authorities responsible for Legal and Regulatory Requirements;

(f) it shall cooperate with the Eurosystem and a Participating CSD located in the same country as the [NCB] as regards that Participating CSD’s implementation of the T2S Programme; and

(g) the [NCB] shall participate in and contribute to the work of the relevant groups set up or supported by the Eurosystem in relation to the Governance.

Article 11

Obligations of the Eurosystem related to testing

As further specified in Schedule 3, the Eurosystem shall:

(a) coordinate the User Testing activities and communication between the [NCB] and the Central Banks whose respective currencies are available for settlement in T2S, as well as between the [NCB] and Participating CSDs participating in the User Testing activities;

(b) inform the [NCB] about the results of User Testing as defined in Schedule 3;

(c) prepare and execute the EAT, and provide regular progress reporting as well as an assessment report confirming the compliance of T2S with Schedule 5 and the T2S Scope Defining Set of Documents before the start of User Testing;

(d) define the NCB certification tests required to assess that the [NCB’s] systems cannot harm T2S due to an inappropriate technical communication or operational procedure;

(e) define the DCA Holder Certification Tests for those DCA Holders which [NCB] has authorised to connect to T2S with an A2A connection and for those DCA Holders which [NCB] has authorised to connect to T2S with a U2A connection which are required to assess that the systems of the directly connected DCA Holders of the [NCB] cannot harm T2S due to an inappropriate technical communication or operational procedure;

(f) for all directly connected DCA Holders of [NCB], the Eurosystem shall undertake the DCA Holder Certification process; the Eurosystem shall upon request provide [NCB] with the results of such DCA Holder Certification process.

(g) prepare the necessary non-functional tests and execute these non-functional tests in order for the Eurosystem to confirm the non-functional compliance of T2S;

(h) remedy any material deficiency defined as critical defect (priority 1) and, for any defect defined as high defect (priority 2), either directly resolve the defect or, if agreed with the [NCB], as a first step, provide a technical or procedural workaround and, as a second
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step, resolve the defect within a specific timeframe to be defined along with the work-around to ensure that the T2S Services are established in accordance with the principles set out in Schedule 5 and the T2S Scope Defining Set of Documents;

(i) provide reasonable support for testing activities of the [NCB] in the different stages of User Testing; and

(j) cooperate with the [NCB] in respect of its own acceptance tests of the relevant T2S Services in accordance with Article 13.

Article 12

Obligations of the [NCB] related to testing

As further specified in Schedule 3, the [NCB] shall:

(a) support the Eurosystem in the preparation of the overall User Testing calendar by providing the Eurosystem with its proposed test plan and User Testing calendar of its activities;

(b) execute the mandatory test cases and test scenarios for NCB certification within the period foreseen in Schedule 2 for the migration wave in which it is participating;

(c) in good time before the period foreseen in Schedule 2 for the migration wave in which it is participating, provide the Eurosystem with the necessary information about those DCA Holders which have been authorised to connect to T2S with an A2A connection and those which have been authorised to connect to T2S via a U2A connection. For the avoidance of doubt, the [NCB] is not responsible for the certification of its DCA Holders.

(d) cooperate with the Eurosystem in respect of its acceptance tests for the relevant T2S Services in accordance with Article 13.

Article 13

[NCB] Acceptance Tests of T2S

1. Following the Eurosystem’s notification of its readiness to fulfil synchronisation point 8 (start bilateral interoperability testing) according to Annex 9 to Schedule 2, the [NCB] shall be entitled to test the compliance of the relevant T2S Services with Schedule 5 and the T2S Scope Defining Set of Documents in accordance with the methodology stated in this Article and in Schedule 3.

2. In case the [NCB] chooses to perform the tests defined in paragraph 1, the [NCB] shall finalise such tests within six months following the Eurosystem’s notification of its readiness to
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fulfil synchronisation point 8 (start bilateral interoperability testing), unless provided otherwise in Schedule 2. If the [NCB] discovers that the relevant T2S Services do not comply with Schedule 5 and/or the T2S Scope Defining Set of Documents, it shall follow the procedures laid down in Section 5.3 of Schedule 3.

3. Notwithstanding the [NCB]’s decision to perform the tests as described in paragraphs 1 and 2, the [NCB] shall provide to the Eurosystem in writing and within six months following the Eurosystem’s notification of its readiness to fulfil synchronisation point 8 (start bilateral interoperability testing), whether or not it accepts the relevant T2S Services as compliant with Schedule 5 and the T2S Scope Defining Set of Documents.

4. If the [NCB] notifies the Eurosystem that it does not accept the relevant T2S Services as compliant with Schedule 5 and the T2S Scope Defining Set of Documents, it shall promptly, and in no case later than within five working days following such notification deliver a report to the Eurosystem describing all cases of non-compliance it has identified (non-compliance notification).

5. Following a Eurosystem’s notice to the [NCB] that the Eurosystem has remedied individual or all cases of material non-compliance, the [NCB] shall test the error correction.

6. When the [NCB] finds that none of the reported cases of material non-compliance continues to exist, it shall provide a confirmation that it accepts the relevant T2S Services as compliant with Schedule 5 and the T2S Scope Defining Set of Documents (compliance confirmation) in writing without undue delay.

7. This Article does not affect the [NCB’s] termination rights according to Article 39.

Article 14
Obligations of the Eurosystem related to Migration

As further specified in Schedule 4, the Eurosystem shall:

(a) establish the necessary procedures and tools for Migration which will, inter alia, support the [NCB] in suspending or reversing its Migration if the conditions for Migration, as defined in Schedule 4, cannot be satisfied; and

(b) provide the [NCB] with support related to its activities necessary for completing Migration or suspending Migration, if necessary.
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Article 15
Obligations of the [NCB] related to Migration

As further specified in Schedule 4, the [NCB] shall:

(a) adjust its internal systems, processes, interfaces and connections to enable its Migration to T2S in compliance with the T2S Documentation, and to achieve operational and technical readiness for the use of the T2S Services;

(b) set up its own project plan for the Migration and do what is reasonably required to ensure that its Dedicated Cash Account Holders are able to migrate to the T2S-enabled Services within the timeframe specified in Schedule 2;

(c) migrate to T2S in accordance with the process specified in Schedule 4 and by the timeframe provided in Schedule 2, or, if it is unable to migrate by the scheduled date, at the latest it shall migrate by the date of the contingency migration wave, as specified in Schedule 2; and

(d) cooperate with the Eurosystem in documenting that its Migration has been successfully completed.

Article 16
Obligations of the Eurosystem related to the provision and use of the T2S Services

1. For the provision and use of T2S Services, the Eurosystem shall:

(a) provide the [NCB] with the T2S Services and system functionality as described in Schedule 5;

(b) provide the [NCB] with all necessary rights to exclusively exercise full control in real time over the DCAs in [currency] in T2S, including the right to real-time blocking and unblocking with immediate effect and to the real-time initiation of their closure with effect on the next Settlement Day, however without prejudice to the finality and irrevocability of entries on such DCAs on the T2S Platform as set out in Article 19;

(c) provide the [NCB] with the right to the real-time initiation of a change (being applicable in T2S on the next Settlement Day, except in special circumstances where specific manual procedures according to the MOP shall be foreseen for implementation in real-time) as regards the following:

(i) the usage of selected securities in its respective currency for auto-collateralisation,

(ii) the credits granted for securities settlement in [currency] in T2S,
(iii) the determination of the individual ISINs which may be used as collateral for individual credits in T2S,

(iv) the valuation of each ISIN, and

(v) the identification of the accounts on which the collateral may be held for credit with the [NCB],

in each case if relevant for the [NCB’s] collateral procedure;

(d) implement Common and Specific Changes to the T2S Services as requested by the [NCB] and managed by the Eurosystem in accordance with Article 23 and Schedule 9;

(e) endeavour to maintain the T2S Services to support, in cooperation with the [NCB], ongoing compliance with Legal and Regulatory Requirements, without prejudice to the application of Article 23 and Schedule 9 to changes that may need to be implemented as a result of such requirements;

(f) suspend the settlement in [currency] if so requested by the [NCB];

(g) reinstate operations to permit use of the T2S Services following a failure as specified in Schedule 6;

(h) provide the [NCB] with financial statements, reports and other information on T2S on a regular basis that fairly represent the business and financial conditions, results of operations and state of the cost recovery in relation to T2S on the respective dates or for the respective periods covered by such financial statements, reports and other information; and

(i) update the T2S Documentation in a timely manner.

2. Changes to the T2S Platform or T2S Business Application that need to be implemented urgently to restore or continue the provision of the T2S Services in accordance with the service levels specified in Schedule 6, may be autonomously decided and implemented by the Eurosystem in accordance with Schedule 6 and the MOP, provided that such a change does not in any way diminish the right of the [NCB] to exclusively exercise control over its DCAs. The Eurosystem shall inform the [NCB] as soon as reasonably practicable on the nature and characteristics of the changes and the time in which the change shall be implemented.

3. The Eurosystem shall make available to the [NCB] a monthly Service Level Report to determine the degree of the Eurosystem’s compliance with Schedule 6, in particular as regards the KPIs. If the Eurosystem fails to meet any of the KPIs, it shall in cooperation with the [NCB]:

(a) investigate the underlying cause of the failure;

(b) take necessary measures to minimise the impact of the failure;
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(c) take necessary measures to prevent the failure from recurring; and/or report on the cause, the status and the remedies required to prevent recurrence of the failure.

Article 17
Obligations of the [NCB] related to the provision and use of the T2S Services

1. The [NCB] shall use the T2S Services, once (a) the User Testing is completed as specified in Article 15 and Schedule 3 and (b) Migration has been successfully completed as specified in Article 15 and Schedule 4.

2. In pursuance of its obligations to use the T2S Services, the [NCB] shall, in particular:
   (a) perform the duties and responsibilities assigned to it in Schedule 6, and in particular:
      (i) according to its rules applicable to its RTGS Participants, make available, set up and close DCAs of its RTGS Participants in [currency] for all securities-related payment transactions in [currency] in T2S; for the avoidance of doubt the Parties agree that the Eurosystem is not responsible for monitoring the DCAs;
      (ii) set up and manage static data, access rights and configuration data pertaining to its Dedicated Cash Account Holders and its own participation in T2S;
      (iii) provide for the interoperability of its own RTGS System in accordance with the timing provisions specified in Schedule 2 and, where applicable, its Collateral Management System with T2S to ensure the smooth functioning of the relevant connections;
      (iv) based on the operational decision of the [NCB], provide auto-collateralisation in [currency] to its Dedicated Cash Account Holders according to its own terms and conditions;[and]
      (v) if the auto-collateralisation functionality is used, provide to the Eurosystem a list of eligible securities and the Collateral Value for the securities identified as eligible for auto-collateralisation as well as any other data necessary for the Eurosystem to judge the eligibility of securities for a specific participant (including, in relation to close links and the identification of the accounts on which the collateral my be held, if relevant for the [NCB's] collateral procedure) [.]]; and
      (vi) [for non-EEA currency: inform the Eurosystem without delay after having gained knowledge of Legal or Regulatory Requirements that might have a material impact on the participation of the [NCB] in T2S (including compliance with the eligibility conditions set out in Article 18(2)(a) of the T2S Guideline).]
(b) ensure that the agreements with its Dedicated Cash Account Holders, to the extent that they are not directly connected to T2S and use Connectivity Services via the [NCB] if the [NCB] chooses to offer such services, contain provisions that are consistent with Article 28 and Article 32 regarding the use of Connectivity Services by the [NCB]; and

(c) support the resumption of the T2S Services following an event of a failure as specified in Schedule 6.

3. The [NCB] shall review, comment on, and accept or reject the Eurosystem report referred to in paragraph 3 of Article 16. If the [NCB] rejects the report in whole or in part, or the remedies proposed by the Eurosystem for preventing recurrence of not meeting the KPIs, it may revert to the Dispute Resolution and Escalation Procedure.

**Article 18**

**Monetary policy operations in [currency]**

The [NCB] shall be entitled to undertake settlement of monetary policy transactions in Central Bank Money in [currency] outside T2S provided that: (i) the Eurosystem has received all relevant information on the technical functioning of such settlement; and (ii) such settlement neither requires changes to nor negatively affects, the T2S functionality as described in the T2S Scope Defining Set of Documents. The Eurosystem shall grant to the Participating CSD(s) designated by the [NCB] a derogation from the eligibility criterion set out in Article 15(1)(e) of the T2S Guidelines in relation to such monetary policy transactions in line with the Decision ECB/2011/20, the procedure of granting such derogation shall be finalised as soon as possible after the Eurosystem has received all relevant information set out under (i). Such derogation shall not be unreasonably withheld by the Eurosystem.

**Article 19**

**Obligations of the Parties related to the DCA balances**

1. DCA balances of the [NCB] operated on the T2S Platform shall only be changed in T2S. The [NCB] shall ensure as regards its operational processes and contractual terms that entries on the DCAs on the T2S Platform have immediate legal effect, with regard to the finality and irrevocability of the settlement and shall make all necessary arrangements to this effect. Moreover, with regard of the moment of entry of Transfer Orders into a system and their irrevocability, in accordance with the Settlement Finality Directive, the Eurosystem shall inform the [NCB] and take into account the [NCB’s] views as regards the harmonisation efforts to which
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Participating CSDs are committed under the respective Framework Agreement related to harmonisation of the different rules applicable in the systems of the different CSDs.

2. The Parties agree that all matters relating to the DCAs (including the validity and enforceability of any debits and credits to the DCAs) are governed by the law of the [NCB].

Article 20
Good governance

In order to avoid conflicts of interest between the [NCB’s] operating and regulatory functions in relation to T2S, the [NCB] shall ensure that members of the T2S Board do not participate in any oversight or other activity that could create a conflict of interest, as specified in the rules of procedures of the T2S Board.

CHAPTER 3
GOVERNANCE AND CHANGE MANAGEMENT

Article 21
Governance of T2S

1. Without prejudice to Article 37 the governance framework applicable during the development and operation of the T2S Services is specified in this Article and Schedule 8. In particular the following principles of relevance to Connected NCBs shall apply:

2. Based on Article 127 of the Treaty on the Functioning of the European Union and Article 3 of the Statute of the ESCB, in the T2S context, the Eurosystem shall in particular:

(a) exclusively exercise full control over all cash accounts in euro in T2S, i.e. operate the cash accounts it holds for its banks and safeguard the integrity of the euro which, for the purposes of this Agreement, includes the implementation of monetary policy including all central bank credit operations as well as settlement in Central Bank Money in the euro;

(b) contribute to the smooth conduct of policies pursued by the competent authorities relating to the prudential supervision of credit institutions and the stability of the financial system;

(c) ensure that it does not distort a level playing field for market participants; and

(d) exert efficient oversight of market infrastructure while preserving the separation of this function from its operational activities of T2S.
3. Subject to Schedule 8, Connected NCBs shall have the same rights in T2S as the Eurosystem
   in relation to their respective currencies.

4. The Eurosystem shall have control and participation rights in the Governance of T2S in the
   performance of its tasks under the Treaty on the Functioning of the European Union and the
   Statute of the ESCB and in its capacity as owner and operator of T2S. In particular, this
   includes the ability to recover its costs and to operate T2S in a safe and efficient manner with
   due consideration of the rights, interests, prerogatives and obligations of the T2S Stake-
   holders in line with the Multilateral Character of T2S. The Governing Council shall have ul-
   timate decision making powers.

5. The Connected NCBs shall have control and participation rights in accordance with the Gov-
   ernance framework of T2S, in particular through their participation in the relevant Govern-
   ance bodies as set out in this Article and the decision-making process as outlined in Schedule
   8.

6. Without prejudice to the ultimate decision-making powers of the Governing Council as set
   out in Schedule 8, and the decision-making bodies of the Connected NCBs, the T2S Govern-
   ance bodies shall comprise:

   (a) the T2S Board, which replaces the T2S Programme Board established by Decision
       ECB/2009/6;

   (b) the CSD Steering Group (CSG), whose mandate and composition are annexed to Sched-
       ule 8 of the Framework Agreement;

   (c) the Non-euro Currencies Steering Group (NECSG), whose mandate and composition are
       set out in Schedule 8;

   (d) the Governors’ Forum, whose mandate and composition are set out in Schedule 8;

   (e) the T2S Advisory Group (AG), whose mandate and composition are set out in the Annex
       to the T2S Guideline; and

   (f) the National User Groups (NUGs), whose mandate and composition are set out in the
       Annex to the T2S Guideline.

   These T2S Governance Bodies shall draft their respective rules of procedure once they have
   been established.

7. The [NCB] shall have all necessary rights to exclusively exercise full control in real time over
   the DCAs in [currency] in T2S, including the right to real-time blocking and unblocking with
   immediate effect and to close them with immediate effect.
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8. The [NCB] shall have the right of the real-time initiation of a change being applicable in T2S on the next Settlement Day, except in special circumstances where the MOP provides for specific manual procedures for implementation in real-time as regards:

(a) the usage of selected securities in its respective currency for auto-collateralisation,
(b) the credits granted for securities settlement in [currency] in T2S,
(c) the determination of the individual ISINs which may be used as collateral for individual credits in T2S,
(d) the valuation of each ISIN, and
(e) the identification of the accounts on which the collateral may be held for credit with the [NCB],

in each case if relevant for the [NCB’s] collateral procedure.

9. Any amendment to this Agreement or a system change shall be without prejudice to the rights specified in paragraph 8.

10. The refusal of a Change Request by the Connected NCB(s) shall be justified by the need to safeguard central bank functions, i.e. the Connected NCB(s) shall consider the Change Request inappropriate for reasons linked to their responsibilities in terms of safeguarding the integrity of the respective currency or in relation to financial stability.

11. In case of disagreement between the Governing Council and the Connected NCB(s) over the latter’s refusal of a Change Request or over any other decision by the T2S Board, the Governors’ Forum shall be asked to find an amicable solution for this matter in line with Article 37 and Article 38.

12. If the dispute in the Governors’ Forum is based on the refusal of a Change Request by Connected NCB(s) for one of the reasons set out in paragraph 10, the Eurosystem shall have to justify overruling the refusal either (i) with the need to safeguard general Eurosystem central bank functions (safeguarding the euro, financial stability, no distortion of competition) or (ii) with the need to preserve the integrity of the T2S Platform for economic, functional or technical reasons.

13. If no amicable solution can be found, then the concerned Connected NCB(s) shall have the right to exit T2S within 24 months in line with paragraph 4 of Article 38.
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Article 22
Scope of participation rights

1. The participation rights of the [NCB] during the Development Phase shall include the following:

(a) the right to submit Change Requests in accordance with the Change and Release Management procedure as described in Article 23 and Schedule 9;

(b) the right to be represented and to participate in the Governance as specified in Article 21 and in Schedule 8; and

(c) the right to obtain information as otherwise provided for in this Agreement.

2. The participation and controlling rights of the [NCB] during the Operational Phase shall include the following:

(a) the right to submit Change Requests in accordance with the Change and Release Management procedure set out in Article 23 and Schedule 9;

(b) the right to receive a report on the technical and operational examinations by the External Examiner in line with the multi-year T2S examination plan and the [NCB’s] right to request special examinations by the External Examiner, and to have access to the underlying documentation in accordance with Article 24 [if relevant for a Connected NCB: “and Schedule 13”];

(c) the right to receive on request and without delay all information, related to the administration and bookings on the DCAs opened by the [NCB], related to the associated intraday credit, collateral and accounts where the collateral is held, including but not limited to all relevant manual and system-generated reports, routine descriptions and material allowing for the tracing of errors of administration;

(d) the right to be represented and to participate in the Governance as specified in Article 21 and in Schedule 8;

(e) the right to obtain information as otherwise provided for in this Agreement; and

(f) other rights granted by this Agreement.

3. The rights set out in paragraphs 1 and 2 shall be exercised without prejudice to the Multilateral Character of T2S and the principle of central bank independence set out in Article 130 and Article 282(3) of the Treaty on the Functioning of the European Union and Article 7 of the Statute of the ESCB as well as in relevant national legislation.
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Article 23
Change and Release Management

1. The Parties may propose Change Requests for the T2S Business Application and the T2S Scope Defining Set of Documents, requirements for T2S Network Service Providers and specifications for the Value-added Connectivity Services. Such proposal shall be made and dealt with in accordance with Schedule 9.

2. The Change and Release Management process shall adhere to the following principles:

   (a) T2S is aimed at accommodating market evolution and supporting innovation;

   (b) without prejudice to the right of the [NCB] to submit a request for the implementation of Specific Changes, new or changed services within T2S shall be provided with the objective of being available to all Central Banks and Participating CSDs in T2S, and through them to T2S Users;

   (c) without prejudice to the powers of the Central Banks as specified in Schedule 8, no individual Central Bank or Participating CSD shall have a veto right with respect to the approval of a Change Request;

   (d) T2S shall endeavour to support the [NCB’s] compliance with its Legal and Regulatory Requirements, to the extent that the Eurosystem is informed by the [NCB] about such requirements and to the extent that they are compatible with the Multilateral Character of T2S;

   (e) it is the [NCB’s] responsibility to involve its user communities throughout the whole Change and Release Management;

   (f) the Eurosystem shall continue to be committed to communicating information in a transparent manner towards the market in line with established T2S practices;

   (g) the development of specific functionalities to accommodate national specificities shall be limited as much as possible. Instead, where applicable, building the necessary interfaces to let the Central Banks and Participating CSDs offer these national specificities on their platforms, with no impact on T2S, shall be favoured;

   (h) in the case of changes in respect of Legal and Regulatory Requirements which apply only to one or a few Central Banks or Participating CSDs, Specific Changes in accordance with paragraph 3 shall be available; and

   (i) sufficient time shall be allotted for implementing any change needed by the Eurosystem to develop the T2S Services on a consistent basis and provide enough lead time for the Central Banks and Participating CSDs to change their own internal systems, processes, interfaces and connections accordingly.
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3. The following principles are applicable to Specific Changes:

(a) a Central Bank or a Participating CSD which has a specific need triggered by Legal and Regulatory Requirements or by innovation/improvements has the possibility to propose a new functionality provided that it does not endanger the Lean Scope of T2S and is not incompatible with the Multilateral Character of T2S; and

(b) the requesting Central Bank or Participating CSD shall formally commit itself to bear the financial consequences of the Specific Change in accordance with Schedule 7; and/or

(c) the associated costs shall be shared among all Central Banks and Participating CSDs making use of the functionality in accordance with Schedule 7; and

(d) the Specific Changes shall be approved in accordance with Schedule 9; and

(e) no Specific Change may be implemented if this imposes changes to existing features, functionalities, processes or interfaces, or a deterioration of the service level of other Central Banks or Participating CSDs which have not approved such Specific Change, unless such other Central Banks or Participating CSDs agree to it.

4. In accordance with paragraph 2 of Article 33, but subject to paragraph 3 of Article 33, the [NCB] shall waive any IPRs that it may have acquired in connection with the proposed T2S Services or that may have arisen in the context of the Change and Release Management process. If any other legal or natural person directly or indirectly with the Change and Release Management process has acquired IPRs in connection with the proposed changes, the [NCB] shall: (i) inform the Eurosystem as soon as it becomes aware of potential IPRs vested in such a legal or natural person; and (ii) use its best endeavours to ensure that such a legal or natural person also waives any IPRs acquired in the abovementioned context.

5. The full financial consequences related to Common Changes and Specific Changes shall be recovered in accordance with Schedule 7.

6. Subject to paragraph 3, as regards a Specific Change requested by the [NCB] related to safeguarding the currency and/or financial stability as part of crisis management measures, the Eurosystem shall make such Change Request only transparent to Connected Central Banks and Participating CSDs on request of the [NCB] until no later than the point in time the change has been formally taken up in a release, provided that the [NCB] has formally committed to bear the financial consequences of the change.

7. In the case of refusal to implement changes triggered by Legal and Regulatory Requirements, the Governing Council shall provide a full written explanation of the reasons for the refusal.

8. Authorised changes and defect resolutions the implementation of which is pending are prioritised based on a scoring mechanism. The definition of the release is based on this priority rat-
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ing taking into account the business and legal criticality of changes, the associated risks, budgetary implications and the capacity for Common Changes and Specific Changes. The approval of the content of the release and the final prioritisation are carried out as described in Schedule 8.

Article 24
External Examiner

1. Without prejudice to the principle of central bank independence in the performance of its public tasks, as established under Article 130 and Article 282(3) of the Treaty on the Functioning of the European Union and in the relevant national legislation, the Eurosystem shall facilitate the [NCB’s] and its auditors’ (meaning any auditor which has the right to audit the [NCB] pursuant to national legislation or central bank policy) compliance with applicable national legal requirements in relation to the [NCB’s] connection to T2S under this Agreement. The Parties agree that without prejudice to the abovementioned principle to the extent legally possible recourse would be made to the External Examiner in line with the following provisions[.], only relevant for Connected NCB having a Schedule 13 to that effect: provided that nothing in this article shall be interpreted as diminishing the rights granted to the [NCB’s] auditors in Schedule 13.]

2. The performance of the T2S Services shall be subject to technical and operational examinations performed by the External Examiner appointed by the Governing Council on the proposal of the CSG and after having consulted the NECSG on this proposal. The [NCB] shall not bear any of the costs of the External Examiner for these regular examinations or the special examinations due to incidents specified in paragraph 5.

3. The External Examiner shall perform its services within the scope set by the Governing Council and in accordance with internationally recognised audit standards including but not limited to the Statement on Standards for Attestation Engagement (SSAE) No 16 or International Standards for Assurance Engagements (ISAE) No 3402 or any replacement of these standards. The External Examiner shall be changed every four years.

4. The Governing Council shall set the External Examiner’s mission statement and a multi-year examination plan, taking into account examination items proposed by the NECSG. Without prejudice to paragraph 5, the scope of the regular and any special examinations shall be limited to the provision of T2S Services or directly related aspects. The objective of these examinations is to give to the NECSG reasonable assurance about whether (i) the organisation set by the Eurosystem meets the obligations established in this Agreement and (ii) the controls implemented by the Eurosystem are suitably designed to meet the security objectives.
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Moreover, the External Examiner shall deliver an opinion on the effectiveness of the controls performed by the Eurosystem on the basis of the results of the compliance check reviews and of the risks assessment and related treatment plans managed by the Eurosystem. A Connected NCB – to the extent feasible, as coordinated through the NECSG – may also propose to the Governing Council special examinations to be conducted by the External Examiner outside the multi-year examination plan.

5. Where a special examination is necessary because of a severe incident or a material and ongoing problem which has disrupted the proper functioning of the T2S Platform or the provision of T2S Services, the External Examiner shall have access to all relevant documentation.

6. Following the submission of the External Examiner’s report of its regular examination, the NECSG shall hold with the External Examiner an annual meeting, or in case of a special examination, an extraordinary meeting, to review the submitted report and to discuss the solutions to the identified issues. The report and recommended solutions for the identified issues shall then be submitted to the Governing Council. Within three months of receiving the report, the Governing Council shall reply whether it accepts or rejects each of the recommended solutions. If it accepts a recommendation, the Governing Council shall describe how it intends to implement such recommendation and in what timeframe. The External Examiner shall then monitor the Eurosystem’s progress on implementing the accepted recommendations and report back to the NECSG at the annual meeting. If a recommendation is rejected, the Governing Council shall communicate the reasons to the NECSG.

7. Without prejudice to paragraphs 4, the [NCB] shall have the right to: (i) propose to the NECSG items for the regular examinations and for special examinations to be conducted by the External Examiner; (ii) for the avoidance of doubt subject to the confidentiality requirements of Article 34 receive all of the External Examiner’s reports and supporting documentation relevant to the [NCB’s] use of T2S Services; and (iii) request the External Examiner to provide additional explanations to the NECSG in the course of meetings referred to in paragraph 6 or in written form following such meetings and falling within its remit. The [NCB] and/or its auditors may propose directly to the Governing Council special examinations to be conducted by the External Examiner provided that the [NCB] bear the costs associated with such special examinations.

8. The Governing Council shall communicate to the NECSG, to the [NCB] and/or to its auditors the reasons for refusing to include items for regular or special examination to be conducted by the External Examiner on the proposal of the NECSG, the [NCB] and/or its auditors as provided for in paragraph 7. The NECSG, the [NCB] and/or its auditors may make new proposals to the Governing Council with the understanding that the Connected NCBs and the Eurosystem would use their best efforts to come to a mutually agreeable solution.
9. The Eurosystem shall ensure that the External Examiner has the following rights and obligations related to the performance of its examinations:

(a) the External Examiner shall contact the Eurosystem through the indicated contact persons. The External Examiner shall give the Eurosystem 14 calendar days prior notice before starting the regular or special examination and shall notify to the Eurosystem the following: (i) the object of the examination; (ii) the names of the authorised representatives of the External Examiner who will carry out the examination; (iii) the Eurosystem offices at which the examination is to be conducted; (iv) the methods to be applied; and (v) the timescale;

(b) the External Examiner may examine technical and operational documentation and records, whether in written or electronic form, directly relevant for assessing the performance of the T2S Services, setting the T2S pricing policy and implementing budgetary aspects of T2S. Such technical and operational documentation and records shall be made available, on request, to the authorised representatives of the External Examiner during normal business hours at the relevant Eurosystem offices. The External Examiner may, for its own internal use only, make copies and excerpts from the documentation and records made available by the Eurosystem. Such copies and excerpts shall be listed in a transmission protocol and returned to the Eurosystem on completion of the examination or check and on confirmation from the External Examiner that no other unauthorised copies or transcripts exist; and

(c) the External Examiner shall ensure that the authorised representatives who carry out the examinations comply with: (i) internal rules of the relevant Eurosystem member, as communicated to such authorised representatives before the commencement of their activity; and (ii) the confidentiality rules set out in Article 34. The authorised representatives of the External Examiner shall not enter areas or offices and shall not use physical or electronic resources of the Eurosystem other than those which are strictly needed for the performance of the examination.

10. The Eurosystem shall maintain documentation and records documenting the performance of this Agreement, for at least 10 years after their creation and, in respect of documents and records that are maintained at the date of the termination of this Agreement, for at least 10 years following termination. Such documentation and records shall include any financial records relating to costs and expenses directly related to the performance of this Agreement, as incurred by the Eurosystem on its own behalf or on behalf of the [NCB]. In the event that the [NCB] notifies the Eurosystem of a legal action requiring the preservation of certain records or a change in the law establishing longer records preservation periods the Eurosystem shall:

(i) suspend the destruction of documentation or records, as requested by the [NCB]; and (ii)
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give the [NCB] 60 calendar days prior notice before destroying the documentation or records subject to such suspension, during which notice period the [NCB] may submit a reasoned request for their further maintenance, with the Eurosystem being entitled to the reimbursement of reasonable costs incurred as a result of such further maintenance.

11. Nothing in paragraph 10 shall relieve the [NCB] or the Eurosystem from their statutory or contractual obligations related to the storage of records and documents.

Article 25
Crisis management

1. The Eurosystem shall manage and resolve any operational disturbances in T2S. In addition, due to the central role which T2S plays in securities settlement in connected markets, the Eurosystem shall assume a coordinating role. In particular, it shall coordinate, initiate and lead activities in connection with any event of an operational or financial nature which may impact the functioning and performance of T2S. The Eurosystem shall use its best efforts to protect the functioning of T2S and to operate T2S in a way that supports the financial stability of all connected markets.

2. The principles of crisis management are laid down in Schedules 5 and 6, and the procedural aspects of the crisis management framework are set out in the MOP.

3. The details of the assistance to be provided by the Eurosystem in the case of a crisis are specified in Schedule 6 and are based on the following principles:

(a) the Eurosystem shall have adequate organisational and personnel capacities to deal with a crisis;

(b) the Eurosystem shall fully cooperate with the Connected NCBs, the Participating CSDs, the Relevant Competent Authorities and ESMA to manage a crisis, including investigating the feasibility of and implementing reasonable workarounds;

(c) the Eurosystem shall prepare and maintain a crisis management plan, and shall test its appropriateness on a regular basis together with the Connected NCBs, the Participating CSDs, the Relevant Competent Authorities and ESMA; and

(d) the Eurosystem shall provide a report to the Connected NCBs and the Participating CSDs, the Relevant Competent Authorities and ESMA on the effective handling of a crisis within a reasonable period of time after such a crisis has occurred.

4. The details of the assistance to be provided by the [NCB] in the case of a crisis are specified in Schedule 6 and are based on the following principles:
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(a) the [NCB] shall use its best efforts to fully cooperate with the Eurosystem in order to manage a crisis;

(b) the [NCB] shall use its best efforts to inform the Eurosystem about any potential market disturbances that may have an impact on T2S without delay;

(c) the [NCB] shall use its best efforts to ensure that its own crisis management plans cover T2S crisis scenarios;

(d) the [NCB] shall without undue delay inform and involve its Dedicated Cash Account Holders about any T2S crisis that could impact them; and

(e) the [NCB] shall use its best efforts to assist in the preparation and maintenance of a crisis management plan by the Eurosystem.

5. If the [NCB] deems that financial stability of its country or the safeguarding of its currency is threatened, the [NCB] may unilaterally and to the extent possible after informing the Eurosystem reasonably in advance of any such event, invoke its own crisis management plan, which may include the settlement of transactions in [currency] outside T2S, if necessary for reasons of financial stability or the safeguarding of its currency and to the extent the invocation of crisis management measures does not have a negative impact on the settlement of transactions in other currencies in T2S. In such circumstances, the Eurosystem shall, in line with the Decision ECB/2011/20 grant to the Participating CSD(s) designated by the [NCB] a derogation from the eligibility criterion set out in Article 15(1)(e) of the T2S Guideline in relation to such transactions settled outside of T2S to preserve financial stability and to safeguard its currency. The Eurosystem shall use its best efforts to support the [NCB] in moving to crisis management measures and in returning to normal activities in T2S. Without prejudice to the Eurosystem’s own crisis management responsibilities, the Eurosystem shall not take action to hinder the efficient crisis management of the [NCB].

6. The Eurosystem shall, to the extent possible, endeavour to: (i) provide reasonable notice prior to the suspension of the provision of T2S Services to a Participating CSD or a Directly Connected Party and (ii) involve the [NCB] in the crisis management in relation to the Participating CSD or a Directly Connected Party as specified in Schedule 6 and the MOP.

Article 26
Amendments

1. Any amendment of, or supplement to, this Agreement shall be executed in writing and agreed by the Parties unless provided otherwise in this Article. Subject to paragraphs 4 to 6 of this
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Article, the Parties need to agree on an amendment and neither Party shall unreasonably withhold its agreement to such amendment.

2. Each Party shall inform the other Party of any amendment it proposes to this Agreement as soon as practicable.

3. The Eurosystem may on 30 days’ prior notice unilaterally amend this Agreement in respect of non-material amendments of technical or operational nature, such as, changes in contact details of either Party, unless the [NCB], within 30 days following receipt of the notice of any such proposed amendment and subject to confirmation of delivery of the notice by the [NCB], notifies the Eurosystem that it does not agree that the changes are minor.

4. Any amendment to this Agreement required due to a system change pursuant to Article 23 and Schedule 9 shall be incorporated in this Agreement as soon as practicable. The scope of system changes is further defined in Schedule 9.

5. The Eurosystem may amend the Annexes to Schedule 2 pursuant to the process detailed therein. Furthermore, the Eurosystem may amend Schedule 7 with prior notice of 180 calendar days to the [NCB], in accordance with the T2S pricing policy decided by the Governing Council and published on the T2S website or if the actual use of T2S Services that have an initial zero price is not within an expected consumption pattern.

6. Without prejudice to either Party’s rights and prerogatives, the Parties agree to negotiate in good faith to amend this Agreement to the extent required, in the event that:

   (a) any of the legal acts or instruments forming an element of the Overall Legal Framework for T2S or for the participation of the [NCB] in T2S, including for the avoidance of doubt such legal acts or instruments that apply in the jurisdiction of the [NCB], is amended and in the event any such amendment has a material effect on this Agreement, in the reasonable opinion of the Eurosystem or the [NCB]; or

   (b) an objection is received by the Eurosystem in accordance with paragraph 3; or

   (c) an envisaged amendment to Parallel CPAs, which does not fall under the scope of Article 23 and Schedule 9, also necessitates an amendment to this Agreement due to the uniform character of the CPAs and/or the Multilateral Character of T2S; or

   (d) an envisaged amendment to one or more Framework Agreements with Participating CSDs, which does not fall under the scope of Article 23 and Schedule 9, also necessitates an amendment to this Agreement due to the Multilateral Character of T2S.
CHAPTER 4
LIABILITY REGIME, COSTS AND NETWORK SERVICE PROVIDER

Article 27
Standard of liability

1. Except as otherwise provided in this Agreement, the Parties shall be bound by a general duty of reasonable care in relation to each other in performing their respective duties and obligations under this Agreement.

2. Each Party shall be obliged to perform only the duties and obligations specifically attributed to it in this Agreement and shall be liable only in respect of those duties and obligations as provided for in this Agreement.

3. Each Party shall take all reasonable and practical actions or measures to mitigate any loss, damage or adverse consequence that it may cause to the other Party or that it may suffer by reason of the acts or omissions of the other Party.

Article 28
Liability rules

1. Each Party shall be liable to the other Party without limitation for any loss or damage resulting from fraud or wilful misconduct in performing its duties and obligations under this Agreement.

2. Subject to paragraphs 4 and 6, each Party shall be liable to the other Party for any Direct Loss incurred resulting from its gross or ordinary negligence in performing its duties and obligations under this Agreement. Without prejudice to paragraph 3, liability for indirect loss and damages not qualifying as Direct Loss is excluded to the extent permitted by German law.

3. The Eurosystem shall also be liable to the [NCB] for a claim of the [NCB’s] DCA Holder against the [NCB] in connection with T2S Services (hereinafter a ‘Customer Claim’), resulting from the Eurosystem’s gross or ordinary negligence in performing its duties and obligations under this Agreement, if and to the extent that all of the following criteria are satisfied:
   (a) the [NCB] is held legally liable for the Customer Claim pursuant to an Enforceable Judgement, or has, with the approval of the Eurosystem (such approval shall not be unreasonably withheld or delayed), settled the Customer Claim; (b) the loss or damage of a DCA Holder is the direct result of an act or omission of the Eurosystem; and (c) the Customer Claim would have been settled by the [NCB] in favour of a DCA Holder according to local market practice. For the avoidance of doubt, the liability under this paragraph shall include
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claims for loss of interest. If there is a difference between the Customer Claim for which the [NCB] is held liable pursuant to an Enforceable Judgement and the amount due according to local market practice, the Parties shall use their best efforts to settle the issue in an amicable way. The [NCB] shall reimburse to the Eurosystem a Customer Claim (i) for which the condition(s) outlined above are not fulfilled or are reversed or (ii) which is paid twice on the basis of this Agreement as well as on another basis, such as an insurance policy or through a claim paid by a Central Bank based on the same facts and circumstances. For the avoidance of doubt, no Customer Claim shall be paid directly to the NCB’s DCAHolders.

4. Each Party shall be liable to the other Party in proportion of the contribution of its fraud, wilful misconduct, gross or ordinary negligence in the loss or damage of the other Party.

5. Without prejudice to paragraph 1, the Eurosystem’s liability according to this Article shall be limited or excluded as follows:

(a) a maximum total amount per calendar year for all losses and damages suffered by the [NCB] and all Connected NCBs that were caused by events that occurred in the same calendar year;

   (i) for the Eurosystem’s ordinary negligence, the liability of the Eurosystem vis-à-vis, combined, the [NCB] and all Connected NCBs shall be limited to a maximum total amount of EUR 20 000 000 for the relevant calendar year.

   (ii) for the Eurosystem’s gross negligence, the liability of the Eurosystem vis-à-vis, combined, the [NCB] and all Connected NCBs shall be limited to a maximum total amount of EUR 100 000 000 for the relevant calendar year.

If the aggregate amount of losses or damages suffered by the [NCB] and all Connected NCBs in any calendar year exceeds the maximum set out in this subparagraph, then the amount due to the [NCB] shall be calculated and paid by the Eurosystem pro rata, i.e. having regard to the total amount of all losses or damages suffered by the [NCB] and all Connected NCBs;

(b) the Eurosystem shall not be liable for losses or damages suffered by the [NCB] related to the early termination of any Parallel CPA or any Framework Agreement by any relevant party; and

(c) a Party shall not be liable for any delay in meeting a relevant synchronisation point as specified in Schedule 2.

6. Without prejudice to paragraph 1, the [NCB’s] liability vis-à-vis the Eurosystem in accordance with this Article shall be limited, in the following way:
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(i) for the [NCB’s] ordinary negligence, the liability of the [NCB] shall be limited to EUR 2 000 000 per calendar year; and

(ii) for the [NCB’s] gross negligence, the liability of the [NCB] shall be limited to EUR 10 000 000 per calendar year.

7. The procedures for the exercise, allocation and payment of liability claims are set out in Schedule 12.

8. For the avoidance of doubt, the circumstances specified in paragraphs 1 and 2 of Article 30 shall apply as grounds for exclusion of the liability under this Article.

9. As part of the Eurosystem’s tasks in accordance with Articles 17, 18 and 22 of the Statute of the ESCB, T2S has the nature of a public service. All obligations of the Eurosystem arising under this Agreement may only be performed jointly by all members of the Eurosystem and qualify as joint liability. All rights and claims of the [NCB] under this Agreement are therefore always rights and/or claims that may be exercised only against all members of the Eurosystem jointly.

Article 29

Indemnification obligations of the [NCB] for acts of Third Parties

1. The [NCB] shall indemnify and hold harmless the Eurosystem from any direct loss incurred as a result of the acts and omissions of one of the [NCB’s] DCA Holders in relation to T2S to the extent that such loss is not caused by (i) the Eurosystem’s negligence; or (ii) any malfunction or failure in the technical infrastructure of the T2S Business Application to the extent the Eurosystem has not adopted those measures that are reasonably necessary to protect the infrastructure against such malfunction or failure, and in proportion to the Eurosystem’s contribution to such loss or damage. The circumstances specified in paragraphs 1 and 2 of Article 30 shall apply as grounds for exclusion of the liability under this Article. In case the Eurosystem and the [NCB] do not agree on the extent and/or proportion of the Eurosystem’s contribution to the Eurosystem’s loss under sub-paragraphs (i) and (ii), the Dispute Resolution and Escalation Procedure pursuant to Article 37 shall be initiated in order to settle the issue in an amicable way. Any net reimbursement to be paid by the [NCB] to the Eurosystem under this paragraph shall only be due once the dispute has been settled and shall be limited to EUR 10 000 000 per calendar year for all events that occurred in that calendar year. If a dispute under this paragraph cannot be settled pursuant to Article 37, a Party may initiate the court proceedings set out in
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Article 47. The procedures for the exercise and payment of claims of the Eurosystem against the [NCB] under this paragraph are set out in Schedule 12.

2. The obligations of the [NCB] pursuant to paragraph 1 shall not be construed as a limitation of any claim for loss or damage the [NCB] may have against the Eurosystem under this Agreement, in particular pursuant to Article 28.

3. To the extent legally feasible under the law applicable to the [NCB], the [NCB] shall procure that its legal and contractual arrangements with a Third Party contain provisions that (i) prevent such Third Parties from asserting a claim directly or indirectly against the Eurosystem in relation to the T2S Services used by the [NCB] and/or (ii) do not provide for a liability regime to such Third Parties which is more favourable than the liability regime applying between the Eurosystem and the NCB under this Agreement.

Article 30
Force Majeure and acts by Third Parties

1. Each Party shall under no circumstances be obliged to perform or have any liability for its failure to perform any of its duties and obligations under this Agreement to the extent that such failure results from any act, fault, or omission of the other Party or a Third Party for which it is not responsible, or a Force Majeure event.

2. Without prejudice to Article 32, the Eurosystem shall not be responsible for the acts and omissions of communication, network and connectivity service providers, and in particular not for the performance of the Connectivity Services or any performance failures of a T2S Network Service Provider.

3. Each Party shall give notice to the other Party without undue delay upon becoming aware of any actual or imminent failure referred to in paragraph 1, and use its reasonable efforts to resolve such failure as soon as is reasonably possible.

Article 31
Costs and Pricing

1. Without prejudice to the Change and Release Management procedure and unless otherwise provided in this Agreement, neither Party shall bear any of the costs related to the development of T2S or the rights and obligations under this Agreement which the other Party incurs during the Development Phase and/or the Operational Phase, and the [NCB] shall not bear any of the costs related to the development of T2S or the rights and obligations under this
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Agreement which the Eurosystem incurs during the Development Phase and/or the Operational Phase.

2. The [NCB] acknowledges that Schedule 7 shall, to the extent relevant for this Agreement, apply to all T2S Services, including the services provided by the [NCB] to its Dedicated Cash Account Holders in [currency].

Article 32
T2S Network Service Provider

1. The Eurosystem shall allow the [NCB] to connect its IT systems to the T2S Platform, either via a Value-Added Connection or via a Dedicated Link Connection.

2. The [NCB] shall inform the Eurosystem about the solution it has chosen for its connection to T2S at least six months prior to the intended start date of its testing activities.

3. The [NCB] shall use reasonable efforts to ensure that its connectivity with the T2S Platform functions properly at all times. The [NCB] shall provide in its rules or contractual terms for an obligation to be imposed on its Dedicated Cash Account Holders to use reasonable efforts to ensure that their connectivity with the T2S Platform functions properly at all times.

4. The [NCB] shall inform the Eurosystem of its intention to change its T2S Network Service Provider(s) as soon as reasonably possible.

5. As far as the Value-Added Connections are concerned, the following provisions shall apply:

(a) The Eurosystem shall communicate to the [NCB] during the Development Phase in accordance with Schedule 2 which T2S Network Service Provider(s) that it has selected for the provision of Connectivity Services to the [NCB]. The requirements according to which the T2S Network Service Provider(s) have been selected, and which they need to comply with are specified in attachments 1 (technical requirements) and 2 (business requirements) to the Licence Agreement, available on the Banca d’Italia’s website. Changes to these requirements shall be managed in accordance with Schedule 9 and the Licence Agreement.

(b) The Eurosystem shall exercise due care in coordinating the Connected NCBs’ monitoring of the compliance of the T2S Network Service Provider(s) with those requirements pursuant to sub-paragraph [a] which the [NCB] can monitor itself. The Eurosystem shall exercise due care in the monitoring of the compliance of the T2S Network Service Provider(s) with those requirements pursuant to sub-paragraph [a] which the [NCB] cannot monitor itself. The Eurosystem shall address material breaches of such requirements in accordance with the relevant contractual provisions with the T2S Network Service Pro-
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providers. If the [NCB] connects to the T2S Platform via a T2S Network Service Provider in respect of which the Eurosystem has identified a material breach or a potential material breach of the requirements, the Eurosystem shall inform the [NCB] about the (potential) material breach it has identified, as well as about the steps it has undertaken to remedy (or avoid) such a (potential) material breach. Should the material breach by the T2S Network Service Provider(s) not be remedied within a reasonable timeframe, the Eurosystem shall take the appropriate measures towards the T2S Network Service Provider(s), subject to the Eurosystem’s arrangements with the T2S Network Service Provider(s), and provide support to the [NCB].

(c) The [NCB] shall carry out its own due assessment as regards the ability of the selected T2S Network Service Provider(s) to offer a Value-Added Connection to the [NCB] and as regards the reliability of these T2S Network Service Provider(s) (financially, operationally, technically or otherwise) towards the [NCB] The [NCB] may not rely solely on the results of the selection process undertaken by the Eurosystem regarding the selection of the T2S Network Service Provider(s).

(d) The Eurosystem shall not be responsible for any cost or loss that the [NCB] may incur as a result of a need to transition to a different T2S Network Service Provider, if the T2S Network Service Provider with which the [NCB] has contracted the Connectivity Services loses, for whatever reason, its status as a T2S Network Service Provider.

(e) For the avoidance of doubt and notwithstanding paragraph 1 of Article 30, the [NCB] shall not be responsible to the Eurosystem for the acts and omissions of its Network Service Provider(s). The [NCB] shall inform the Eurosystem and the other Connected NCBs about any concerns it may have regarding the financial, operational or technical reliability of the T2S Network Service Provider(s) as well as any performance issues regarding the delivery of the Value-Added Connection provided by its T2S Network Service Provider(s). The Eurosystem shall assess whether or not the information provided by the [NCB] could reasonably indicate non-compliance by the T2S Network Service Provider(s) with the requirements referred to in sub-paragraph a. If the Eurosystem, acting reasonably, decides that the T2S Network Service Provider does not comply with the relevant requirements, the Eurosystem shall forthwith take appropriate steps against the T2S Network Service Provider, subject to the Eurosystem’s arrangements with the T2S Network Service Provider. At all times, the Eurosystem shall keep the [NCB] informed of the steps it takes and discuss the proposed actions with the [NCB] in advance.

(f) The Parties shall monitor the risk situation of the T2S Network Service Provider(s) within their respective contractual relationships with their T2S Network Service Provider(s) and discuss them as appropriate within the Information Security framework.
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(g) The Parties shall analyse the impact on the T2S Programme Plan in accordance with Schedule 2, whenever the Eurosystem starts a new selection process of a T2S Network Service Provider.

(h) The provision of Connectivity Services is outside of the scope of the T2S Services and the Eurosystem is not responsible to the [NCB] for the acts and omissions of the T2S Network Service Provider(s).

6. The Eurosystem shall communicate to the [NCB] in accordance with Schedule 2 the entity that will offer the necessary Physical Connectivity Services for the Dedicated Link Connection, as well as the necessary specifications for the Value-added Connectivity Services, which the [NCB] has to implement, in order to establish a Dedicated Link Connection with the T2S Platform. The rights and obligations of the Parties related to the Dedicated Link Connection will be specified outside this Agreement.

CHAPTER 5
INTELLECTUAL PROPERTY RIGHTS, CONFIDENTIALITY
AND DATA PROTECTION

Article 33
Intellectual Property Rights

1. Each Party and, where applicable, its licensors, shall retain all rights and titles in their Background IPRs. In particular, the Eurosystem shall not acquire any right, title or interest in or to the IPRs of the [NCB] or its licensors (including but not limited to software, data, documentation, processes and procedures of the [NCB]), save to the extent required for the performance of this Agreement.

2. The Parties agree that no IPRs developed or created before or during the course of this Agreement by or for the benefit of the Eurosystem or its subcontractors shall be transferred, licensed or otherwise conveyed to the [NCB], save as expressly set out in this Agreement. This includes without limitation (i) all IPRs developed or created in connection with the development of T2S or the establishing or provision of T2S Services (ii) changes to T2S or to the T2S Scope Defining Set of Documents implemented pursuant to Article 23 and Schedule 9, and (iii) the T2S Documentation and any other documents created or used for the development and operations of T2S.
3. Notwithstanding paragraph 2 above, the Parties may use general project know-how acquired in connection with T2S, in particular in connection with Schedule 9, including after the termination of this Agreement.

4. The Eurosystem shall provide the T2S Services in a manner which shall ensure that no IPR of any Third Party is infringed through the use of T2S Services by the [NCB] in line with this Agreement. If legal action is commenced or threatened against the [NCB] based on an alleged infringement of the IPR of any Third Party through the use of the T2S Services by the [NCB], the [NCB] shall (a) notify the Eurosystem in accordance with Article 44 as soon as reasonably practicable, (b) allow the Eurosystem, at its expense, control of the defence of the claim (without prejudice to the [NCB’s] right to take an active role in the proceedings at its own expense); (c) not make admissions, agree to any settlement or otherwise compromise the defence of the claim without the prior written consent of the Eurosystem, such consent not being unreasonably withheld; and (d) give, at the Eurosystem’s request, reasonable assistance in connection with the conduct of the defence. If the [NCB] is held liable for the infringement of the Third Party’s IPR according to an Enforceable Judgement or has, with the prior written consent of the Eurosystem, settled the claim, the Eurosystem shall reimburse the [NCB] in accordance with Schedule 12 for all payments that the [NCB] has to make to the relevant Third Party. The consent referred to in the previous sentence shall not be unreasonably withheld. This reimbursement obligation shall not apply with regard to any Third Party claim asserted before a court outside (i) the Union or (ii) the home country of any Connected NCB. In this case, the liability rules pursuant to Article 28 shall apply.

5. The Eurosystem grants to the [NCB] a non-exclusive and non-transferable licence to copy the T2S Documentation and any other document made available to the [NCB] for any purpose connected to the use of the T2S Services or other purpose that is incidental to the rights granted to the [NCB] under this Agreement.

6. The T2S Trademarks and Logos remain the sole property of the Eurosystem. The Eurosystem grants to the [NCB] the non-exclusive, non-transferable right to use the T2S Trademarks and Logos in the territories, in which they are protected, for the T2S Services in conformity with applicable law.

7. The [NCB’s] trade marks and logos remain its (or its Affiliates’) sole property. The [NCB] grants to the Eurosystem the non-exclusive, non-transferable right to use the [NCB’s] trademarks and logos in the territories, in which they are protected, for the T2S Services in conformity with applicable law.
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Article 34
Confidentiality

1. The Parties acknowledge and agree that they have received and will receive Confidential Information in connection with this Agreement.

2. The Parties agree that all Confidential Information shall be used only for the purpose of exercising rights or complying with obligations under this Agreement and the receiving Party shall ensure that only such personnel to whom disclosure of the Confidential Information is required for the purpose of exercising any rights or the performance of the receiving Party’s obligations under this Agreement shall have access to the Confidential Information and only to the extent necessary to exercise these rights or perform these obligations.

3. Without prejudice to paragraph 2 and Article 35, to the extent that Confidential Information disclosed by the [NCB] consists of statistical or personal data, such data may only be disclosed by the Eurosystem with the [NCB’s] consent. The [NCB] shall cooperate in developing efficient procedures for obtaining this consent both for single and regular use of this data.

4. The receiving Party of each item of Confidential Information shall use all reasonable efforts, taking into account the materiality and proprietary nature of the particular Confidential Information, to protect such Confidential Information from unauthorised use or intentional, inadvertent or otherwise disclosure and, in any event, shall exercise at least the same reasonable level of care to avoid any such unauthorised use or disclosure as it uses to protect its Confidential Information.

5. Notwithstanding the foregoing, a Party may disclose Confidential Information to third parties with the prior written consent of the other Party, and each Party shall be free to disclose Confidential Information without the consent of the other Party:

   (a) as required by a court of competent jurisdiction or a Relevant Competent Authority or an administrative body of a competent jurisdiction, or otherwise required by applicable laws, but only to the extent legally required; or

   (b) in any potential or actual litigation among the Parties arising in connection with the T2S Programme, to the extent required to establish, exercise or defend a legal claim; or

   (c) to their directors, officers, personnel, attorneys, consultants, auditors, subcontractors, insurers and agents on a strict need-to-know basis in connection with their duties, as long as such persons are advised of the confidential nature of such information and their obligation to protect it as confidential and are bound by confidentiality undertakings consistent with those contained in this Agreement, or pursuant to national legislation,
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provided that, with respect to paragraph (a) above, the Party shall, subject to applicable laws, inform the other Party reasonably in advance in order to enable it to take precautionary actions.

If this Agreement is terminated or expires for any reason, the receiving Party of each item of Confidential Information, including but not limited to documents, contracts, records or properties, shall return it to the disclosing Party and/or, at the disclosing Party’s discretion, destroy it and provide a corresponding certificate to the disclosing Party, except to the extent that retention of any Confidential Information is required by applicable laws or expressly permitted under this Agreement. A receiving Party may keep one copy of the Confidential Information for backup, audit and compliance purposes, subject to the obligation to keep this copy confidential and not use the information for any other purpose. The same shall apply where the [NCB] withdraws or is excluded from this Agreement as between the [NCB] and the Eurosystem. This confidentiality obligation shall remain in force following the termination or expiration of this Agreement.

6. Nothing in this Article limits the ability of the Parties to provide the text of this Agreement to the relevant Union institutions and bodies, and national authorities, including the Relevant Competent Authorities, for purposes related to receiving regulatory assessments or approvals necessary for provision and use of the T2S Services or establishing the tax status of the T2S Services, in line with the division of responsibilities in this respect.

7. The Parties acknowledge and agree that this Agreement may be published (including publication on the T2S website) once the Governing Council has approved it and decided to offer this Agreement to Eligible NCBs.

Article 35
Data protection

1. Each Party shall comply with the data protection laws applicable to it and in particular [for EEA NCBs: the relevant transposition of Directive 95/46/EC] [OR] [for non-EEA NCBs: legislation applicable to the [NCB] which is at least equivalent to Directive 95/46/EC] or, as applicable, Regulation (EC) No 45/2001.

2. The Eurosystem shall use personal data solely for the purpose of providing and using the T2S Services. Within these limits, the Eurosystem may transfer personal data to Third Parties including T2S Network Service Providers. Where the Eurosystem receives personal data from the [NCB] under this Agreement, and where the Eurosystem (and/or any of its subcontractors and/or Third Parties used to provide the T2S Services) transfers such personal data to a country outside the European Union which does not provide an adequate level of protection, as the
level of protection in the European Union, the Parties shall agree on the terms and conditions for the data transfer which shall be based on the standard contractual clauses for the transfer of personal data to processors established in third countries as approved by Decision 2010/87/EU.

3. The [NCB] shall acquaint itself with the respective T2S Network Service Provider’s data retrieval policy prior to entering into a contractual relationship with such T2S Network Service Provider. The [NCB] shall, to the extent required under applicable law, have obtained or shall obtain all necessary authorisations and approvals from or shall make the necessary notifications to the relevant regulatory or administrative authorities as well as other interested parties required for the Eurosystem to use and store data as contemplated under this Agreement.

CHAPTER 6
MISCELLANEOUS

Article 36
Governing law

This Agreement shall be governed by the laws of Germany with the exception of its conflict of laws principles.

Article 37
Dispute Resolution and Escalation Procedure

1. The Parties shall attempt to resolve disputes between them arising out of or relating to this Agreement in a constructive manner that reflects the concerns and legitimate interests of each Party at the appropriate levels of authority within each Party prior to the initiation of judicial proceedings. In particular, the Parties shall aim to settle a dispute already at the appropriate level and within the appropriate framework with the objective of avoiding the need to invoke this Dispute Resolution and Escalation Procedure.

2. Either Party may initiate the Dispute Resolution and Escalation Procedure by giving written notice to the other Party as specified below, except where a specific dispute resolution procedure is specified in the relevant documentation. It is the expectation of the Parties that each step as follows is completed within a reasonable timeframe:
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(a) Step 1: if the parties to the dispute cannot find a mutually agreeable solution to a dispute at working level, a party to the dispute may escalate the issue to the NECSG and the T2S Board;

(b) Step 2: the NECSG and the T2S Board shall discuss the issue within the respective body. If the dispute has not been resolved and if the initiator belongs to the NECSG, the NECSG may propose to the T2S Board that the dispute is escalated to Step 3(a) or 3(b), or if the initiator belongs to the T2S Board, the T2S Board may propose that the dispute is escalated to Step 3(a) or 3(b);

(c) Step 3(a): the NECSG shall meet with the chairperson of the T2S Board. In considering the issue, the NECSG may request the advice of the CSG and/or the AG. If the NECSG and the chairperson of the T2S Board come to a mutually agreeable solution, the proposed solution must be submitted to the T2S Board for endorsement. Where the NECSG and the chairperson of the T2S Board have not found a mutually agreeable solution, the issue may be escalated to Step 3(b);

Step 3(b): the T2S Board shall meet with the NECSG member of the Connected NCB(s) in dispute with the Eurosystem or, if deemed appropriate considering the subject-matter of the dispute, with all NECSG members. Following agreement of the parties, one or more expert panels may be established on an ad hoc basis which shall provide advice on technical issues relevant to a dispute. In addition, the T2S Board may seek advice from the CSG and/or the AG. If a mutually agreeable solution cannot be found, the issue may be escalated to the Governors’ Forum by any Party without delay;

(d) Step 4: if a dispute is escalated to the Governors’ Forum, it may seek advice of the CSG and/or the AG. Following agreement of the Governors’ Forum, one or more expert panels may be established on an ad hoc basis which shall provide advice especially on technical issues relevant to a dispute in order to assist in finding a solution to the dispute. If the Governors’ Forum agrees on a solution, the proposed solution must be submitted to the Governing Council and the governing bodies of the respective Connected NCBs for endorsement;

(e) Step 5: where despite the Eurosystem’s commitment to settle disputes in an amicable way and to facilitate that all Connected NCBs can fulfil their statutory, legal and regulatory responsibilities within the Lean Scope of T2S in a technically viable way, there is an insurmountable obstacle to a consensual solution, the Governing Council and the relevant Connected NCB may to terminate the CPA in accordance with the relevant provisions of Article 39.

3. At each stage of the escalation process and without prejudice to the mandate of the Governors’ Forum, adequate consideration shall be given to related matters that are the subject of
similar escalation procedures between the Eurosystem and a Participating CSD in relation to T2S.

4. The details of the NECSG’s mandate are specified in Annex 1 to Schedule 8.

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**Currency Participation Agreement**

Article 38

Governors’ Forum

1. The Governors’ Forum is mandated to discuss in exceptional circumstances T2S matters relevant to Connected NCBs that could not be resolved through the Dispute Resolution and Escalation Procedure with the objective that the Governors’ Forum shall aim at discussing and settling such disputes by agreeing on a common resolution by way of consensus. Any such resolution of the Governors’ Forum shall be submitted to the Governing Council for endorsement after the governing bodies of the Connected NCBs concerned have endorsed any such resolution. The details of its mandate are specified in Annex 2 to Schedule 8.

2. The Governors’ Forum shall be composed of the governors of the Connected NCBs and an equal number of members of the Governing Council.

3. The President of the ECB shall call for a meeting of the Governors’ Forum if:

   (a) one or more members of the NECSG consider that a decision of the T2S Board negatively affects the concerned Connected NCBs ability to safeguard the integrity of the respective currencies, (which includes the implementation of monetary policy including all credit operations as well as the settlement in Central Bank Money in the respective currencies) or financial stability; or

   (b) one or more governors of the respective Connected NCB(s) wish to discuss any matter in relation to T2S; or

   (c) the Governing Council wishes to consult the Governor’s Forum before taking a decision in relation to T2S or to discuss any matter in relation to T2S.

4. The Eurosystem may reject a Connected NCB’s refusal of a Change Request for the following reasons:

   (a) the need to safeguard the general Eurosystem central bank functions of safeguarding the integrity of the euro or of financial stability or of preventing the distortion of competition between private market participants; or

   (b) the need to preserve the integrity of T2S for economic, functional or technical reasons.

If the issue has been escalated to the Governors’ Forum, where no agreement on an amicable solution of the issue can be found or such a solution is not endorsed by the Governing Coun-
Currency Participation Agreement

cil or the governing body of the Connected NCB concerned, the Connected NCB concerned may terminate this Agreement and may require that it exits within a maximum period of 24 months from the date of the Governing Council’s decision to implement the change. The Connected NCB concerned shall endeavour to exit from T2S as soon as reasonably possible already before the expiry of that period. During the exit period and to the extent relevant for the operation of T2S, the Connected NCB shall not be affected by the Change it rejected.

Article 39
Duration, suspension and termination

1. This Agreement shall become effective on the Agreement Date and shall, subject to Article 23 and, Article 26 as well as this Article, continue in full force and effect for an indefinite period of time, unless in the event that T2S as a whole is terminated by the Eurosystem, in which case the Agreement shall be terminated with a minimum notice period of 365 days.

2. The provisions of this Agreement shall not have any retroactive effect except for Article 4, Article 33 and Article 34, which shall apply retroactively.

3. The [NCB] may unilaterally terminate this Agreement with six months’ prior notice thereof, unless otherwise agreed in this Agreement or between the Eurosystem and the [NCB]. Without prejudice to paragraph [1] OR [10], the [NCB] shall coordinate all exit activities with its Dedicated Cash Account Holders, so that all necessary arrangements are made when the [NCB] will have exited T2S.

4. Each Party may terminate this Agreement:
   (a) if the other Party is in material breach of any provisions of this Agreement and such breach has not been remedied within 90 calendar days of a written warning notice of such breach with immediate effect; or
   (b) if the right of termination for cause (Kündigung aus wichtigem Grund), which is not covered by sub-paragraph (a), is provided for under mandatory rules of German statutory law with a notice period of 365 days, except where another notice period is provided by applicable law.

5. If due to a major technical threat to the security or integrity of T2S stemming from the [NCB’s] technical connection to or use of T2S, the [NCB] remains unable to perform its obligations, and such a threat cannot be resolved by a temporary disconnection of the [NCB] or any of its Dedicated Cash Account Holders in accordance with Schedule 6, the Eurosystem may suspend its obligations under this Agreement immediately. The Eurosystem shall also, to the extent possible, give reasonable prior notice to the [NCB] of the planned suspension, and,
to the extent possible, consult the [NCB] prior to the planned suspension or provide all relevant information related to the suspension to the [NCB] after the [NCB] has been suspended. A suspension shall be terminated as soon as the reason for suspension has ended.

6. If, due to a Force Majeure event, one of the Parties remains unable to perform its obligations, the other Party may suspend the obligations of this Agreement immediately or, to the extent possible, with reasonable prior notice. Neither Party shall have any liability to the other as a result of such suspension, but any such suspension shall be without prejudice to any rights which may have arisen prior to suspension. A suspension shall be terminated as soon as the reason for suspension has ended.

7. [For non-EEA NCB relevant only: The Eurosystem may terminate this Agreement with reasonable prior notice to the [NCB], where the eligibility conditions for the [currency] pursuant to paragraph (1)(a) of Article 5 are not met and such default is not remedied within a reasonable period of time.]

8. If the [NCB] considers that its rights and obligations under this Agreement would be materially and adversely affected by a change pursuant to Article 23, or such a change would be in conflict with Legal and Regulatory Requirements, and any such change cannot be implemented as a Specific Change, it may with at least 90 calendar days prior notice to the Eurosystem unilaterally terminate this Agreement.

9. Without prejudice to either Party’s rights and prerogatives and prior to giving notice to the respective other Party, any request to terminate this Agreement shall be subject to the prior Dispute Resolution and Escalation Procedure with a view to attempting in good faith to reach a resolution to the need for such termination, except if the Parties agree that the Dispute Resolution and Escalation Procedure is unlikely to result in an amicable resolution of the issue or if the [NCB] has renounced its right to resort to the Dispute Resolution and Escalation Procedure.

10. All notices under this Article shall be subject to confirmation of delivery of the notice by the Party receiving the notice.

11. The details of the cooperation and assistance to be provided by the Eurosystem in case of termination are specified in Schedule 11 and are based on the following principles:

(a) the [NCB] shall be responsible for the set up and execution of the exit plan;

(b) without prejudice to paragraph 4 of Article 38, if the [NCB] terminates this Agreement pursuant to paragraph 2, until its exit it shall maintain its internal systems sufficiently compatible with the T2S functionality and with agreed Service Levels until its exit, so as to allow T2S to provide the agreed services to other T2S Actors, which may imply that the [NCB] is required to implement authorised changes, in particular in case of Fast-track
Currency Participation Agreement

Changes, as specified in Schedule 9, Irrespective of the cause of termination, the [NCB] shall continue to participate in the Change and Release Management procedures until its exit;

(c) irrespective of the cause of termination and subject to paragraph 4 of Article 38, the Eurosystem shall continue to provide T2S Services to the [NCB] for a period of up to 24 months, following the date of the notice of termination on request of the [NCB];

(d) irrespective of the cause of termination, the Eurosystem shall provide the required assistance, as reasonably necessary, to the [NCB] and, except in case of termination for cause by the [NCB], the [NCB] shall reimburse the costs for planning, coordination and execution of exit activities beyond the normal operational support to the Eurosystem; and

(e) the Eurosystem shall maintain at the disposal of the [NCB] the relevant documents, data and archives related to T2S Services provided to the [NCB].

12. To the extent required, the Eurosystem and the [NCB] shall continue to cooperate in good faith on any remaining issues deriving from the [NCB’s] participation in T2S

13. [Only for Non-euro Area NCBs of the EU: This Agreement shall expire on the date that the Member State of the Union of the [NCB] adopts the euro.]

Article 40

Own fees and costs

Each Party shall bear its own costs and expenses connected with the preparation, execution, operation and termination of this Agreement, including the costs of its legal and other advisors, without prejudice to other provisions of this Agreement.

Article 41

Entire agreement

Without prejudice to Article 2, this Agreement and the Schedules represent the complete agreement regarding the subject-matter hereof and replace any prior oral or written communications between the Eurosystem and the [NCB].
Currency Participation Agreement

Article 42
No waiver

1. The exercise or waiver, in whole or in part, of any right, remedy, or duty provided for in this Agreement shall not constitute the waiver of any prior, concurrent or subsequent right, remedy, or duty within this Agreement.

2. In relation to disputes between the Parties arising out of or in connection with this Agreement, the [NCB] and the Eurosystem irrevocably and unconditionally waive their respective privileges and immunities in relation to the jurisdiction of the Court of Justice pursuant to Article 47 and irrevocably agree that either Party will not claim any such immunity in proceedings before the Court of Justice. Nothing in or relating to this Agreement shall be deemed to be or shall constitute a waiver of any of the privileges and immunities of the [NCB] or the Eurosystem in relation to immunity from execution or enforcement and attachment or arrest of property.

OR [for non-euro area NCBs outside EU opting for jurisdiction of courts of Frankfurt instead of Court of Justice – with corresponding amendment in Article 47]

2. In relation to disputes between the Parties arising out of or in connection with this Agreement, the [NCB] and the Eurosystem irrevocably and unconditionally waive their respective privileges and immunities in relation to the jurisdiction of the courts of Frankfurt am Main pursuant to Article 47 and irrevocably agree that either Party will not claim any such immunity in proceedings before the courts of Frankfurt am Main. Nothing in or relating to this Agreement shall be deemed to be or shall constitute a waiver of any of the privileges and immunities of the [NCB] or the Eurosystem in relation to immunity from execution or enforcement and attachment or arrest of property.

Article 43
Survival

Any terms of this Agreement that by their nature extend beyond the termination or expiration of this Agreement shall remain in effect until fulfilled, including examination, Confidential Information, court proceedings, data protection, governing law and jurisdiction, indemnification, Intellectual Property Rights, limitation of liability, charges and survival.

[where applicable: Schedule 13 shall remain in full force and effect until the end of the calendar year following the calendar year of termination or expiry of this Agreement.]
Currency Participation Agreement

Article 44
Notices

1. Except where otherwise provided for in this Agreement, all notices required or permitted pursuant to this Agreement shall be in writing delivered by hand or sent by registered post, facsimile or otherwise or by an authenticated message through a T2S Network Service Provider to the authorised person notified as such by the other Party. Except as otherwise provided for in the MOP, all notices of the [NCB] to the Eurosystem in relation to this Agreement shall be submitted to the Chairperson of the T2S Board and all notices of the Eurosystem to the [NCB] in relation to this Agreement shall be submitted to: [xxx].

2. Except as otherwise provided in this Agreement, to prove that a notice has been sent, it shall be sufficient to prove that the notice was delivered to the relevant address or that the envelope containing such notice was properly addressed and posted except that confirmation of receipt shall be required for notices in relation to Articles [21, 24, 25, 34, 36 and 44] and for all notices in relation to Schedule 8.

3. All notices shall be given in English.

Article 45
Invalid or incomplete provisions

If a provision of this Agreement is or becomes invalid or is inadvertently incomplete, the validity of the other provisions of this Agreement shall not be affected thereby. The invalid or incomplete provision shall be replaced or supplemented by a legally valid arrangement which is consistent with the intentions of the Parties’ intentions or with what would have been the Parties’ intention according to the aims of this Agreement had they recognised the invalidity or incompleteness. It is the intention of the Parties that this Article shall not merely result in a reversal of the burden of proof but that Section 139 of the BGB is contracted out in its entirety.

Article 46
Subcontracting

1. The [NCB] shall inform the Eurosystem reasonably in advance when it plans to outsource or subcontract any part of its obligations or to assign or transfer any rights or obligations arising out of or in connection with the performance of this Agreement to any Third Party.

2. Due to the public nature of T2S, the operation and running of T2S can only be entrusted to one or more Eurosystem Central Banks. The development and operation of T2S is performed
Currency Participation Agreement

by the 4CB or by an Affiliate of the 4CB or by one or more Euro Area NCBs pertaining to the 4CB, as part of an internal distribution of work within the Eurosystem and is not to be considered as outsourcing, subcontracting, assigning or transferring within the meaning of this Article.

3. Without prejudice to paragraph 2, the Eurosystem may only outsource or subcontract its tasks under this Agreement to a Third Party that have or may have a material impact on the performance of its obligations under this Agreement, if it has the express, prior written consent of the [NCB] which shall not be unreasonably withheld or delayed. No such consent is needed if the Third Party is an Affiliate of one or more of the 4CB and if the rights and obligations of the Parties remain materially unchanged. Outsourcing and subcontracting within the meaning of this Article do not include the procurement of services and/or components necessary for the 4CB to build, upgrade and maintain T2S and the procurement of services by the Eurosystem, and therefore no consent of the [NCB] is needed.

4. Any request for consent under paragraph 3 shall be answered within four weeks after the Eurosystem has received a confirmation of receipt of the request. Any refusal of consent shall give reasons for the refusal. If there is no response within four weeks, the Eurosystem may reiterate its request. The [NCB] shall from that point have two weeks within which to respond to the Eurosystem. If there is no response within these two weeks, the [NCB] shall be deemed to have given its consent.

5. In any case of outsourcing or subcontracting undertaken by a Party, it shall remain liable to the other Party for the performance of its duties and obligations under this Agreement. The Party concerned shall cause its subcontractors to be bound by confidentiality obligations similar to the ones provided by this Agreement.

Article 47
Court proceedings

1. The Parties agree that any dispute between the Parties arising out of or in connection with this Agreement shall be decided through proceedings between all Parties to this Agreement and that any such dispute, subject to the prior completion of the Dispute Resolution and Escalation Procedure set out in Article 37 (except for issues that have undergone the decision-making process in Section 1.2. and 1.3 of Schedule 8 after which the Dispute Resolution and Escalation Procedure does not have to be initiated) and without prejudice to a Party’s termination rights set out in this Agreement, shall be brought before [the Court of Justice of the European Union by either of the Parties] OR [For Norges Bank and Icelandic CB] [the courts of Frankfurt].
Currency Participation Agreement

2. The members of the Eurosystem have authorised the European Central Bank to act in the name and on behalf of all other members of the Eurosystem in all matters related to arbitration and court proceedings arising under this Article.

**Article 48**

**Extension to other Parties**

The [NCB] shall accept adhesion to this Agreement as Party of any national central bank of a Member State adopting the euro as its currency, provided that any such national central bank confirms in writing that it is bound by the terms of this Agreement as if it had signed this Agreement. The [NCB] shall be given no less than three months’ prior written notice of adhesion of any such national central bank to this Agreement, and any such national central bank shall confirm in writing that it is bound by the terms of this Agreement as if it had signed this Agreement.

Done at Frankfurt am Main on [DATE]. The [NCB] and the ECB shall receive one original copy each. Each Eurosystem Central Bank shall receive a certified copy of the original copy deposited at the ECB.
CURRENCY PARTICIPATION AGREEMENT

SCHEDULE 1

DEFINITIONS
## 1. Definitions

In this Agreement, unless the context requires otherwise, terms defined in singular have the same meaning in plural, and vice versa.

In this Agreement, references to Union legislation are intended as referring to the most recent version of that legal act.

In this Agreement, unless the context requires otherwise, terms with initial capital letter have the following meanings:

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>‘4CB’</td>
<td>means the Deutsche Bundesbank, the Banco de España, the Banque de France and the Banca d’Italia, collectively, in their capacity as national central bank [NCBs] responsible for building, maintaining and running the T2S Platform based on the relevant contractual arrangements and on decisions of the Governing Council.</td>
</tr>
<tr>
<td>‘Acceptance Tests of T2S’</td>
<td>means that the [NCB] shall have the right to test T2S’ compliance with Schedule 5 and the T2S Scope Defining Set of Documents.</td>
</tr>
<tr>
<td>‘Advisory Group (AG)’</td>
<td>means the T2S Advisory Group, the mandate and composition of which is set out in the Annex to Guideline ECB/2012/13.</td>
</tr>
<tr>
<td>‘Affiliate’</td>
<td>means a legal entity which, with respect to any person, directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with the person in question. For the purposes of this definition, ‘control’ means the possession, directly or indirectly, of more than 50% of the equity interests of a person or the power to direct or cause the direction of the management and policies of a person, in whole or in part, whether through ownership of voting interests, by contract or otherwise.</td>
</tr>
<tr>
<td>‘Agreement’</td>
<td>means this Currency Participation Agreement, including the Schedules and Annexes.</td>
</tr>
<tr>
<td>‘Agreement Date’</td>
<td>means the date on which both Parties signed this Agreement.</td>
</tr>
<tr>
<td>‘Annex’</td>
<td>means an Annex to one of the Schedules to this Agreement.</td>
</tr>
<tr>
<td>‘Application-to-Application (‘A2A’))’</td>
<td>means a connectivity mode to exchange information between the T2S software application and the application(s) at the T2S Actor.</td>
</tr>
<tr>
<td>‘Background IPRs’</td>
<td>means all IPRs owned by or licensed to the [NCB] or to the Eurosystem prior to the Agreement Date.</td>
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<td>Term</td>
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<tr>
<td>‘Basic Custody Services’</td>
<td>means the holding and administration, by an entity entrusted with such tasks, of securities and other financial instruments owned by a Third Party. Basic Custody Services include the safekeeping of securities, the distribution of interest and dividends on the securities in safekeeping, and the processing of corporate actions on the said securities.</td>
</tr>
<tr>
<td>‘Batch Settlement’</td>
<td>means the set of sequenced, scheduled processes in T2S that settle or attempt to settle all instructions that are eligible for settlement on an transaction-by-transaction basis.</td>
</tr>
<tr>
<td>‘BGB’</td>
<td>means the Bürgerliches Gesetzbuch, i.e., the German Civil Code.</td>
</tr>
<tr>
<td>‘Business Continuity and Disaster Recovery’</td>
<td>means the set of rules and procedures aimed at resuming normal T2S Services, in compliance with the Service Levels as described in Schedule 6, after the occurrence of an incident, as well as at mitigating the impact of such an incident.</td>
</tr>
<tr>
<td>‘Central Bank (CB)’</td>
<td>means the European Central Bank (ECB), each Euro Area NCB and each Connected NCB.</td>
</tr>
<tr>
<td>‘Central Bank Money (CeBM)’</td>
<td>means the liabilities of a Central Bank, in the form of either banknotes or bank deposits held at a Central Bank, which can be used for settlement purposes.</td>
</tr>
<tr>
<td>‘Central Bank Static Data’</td>
<td>means the set of business objects, specific to a Central Bank in T2S and owned by that Central Bank, that T2S requires to process the transactional data related to that Central Bank.</td>
</tr>
<tr>
<td>‘Central Securities Depository (CSD)’</td>
<td>means an entity that a) enables securities to be established and settled in book entry form, and/or maintains and administers securities on behalf of others through the provision or maintenance of securities accounts; and b) operates or provides for a Securities Settlement System in accordance with Article 2(a) of Directive 98/26/EC or for entities not located in the EEA in accordance with the relevant national legislation equivalent with Directive 98/26/EC and/or that is regulated by Central Bank; and c) is recognised as a CSD by national regulation and/or legislation and/or authorised or regulated as such by the Relevant Competent Authority.</td>
</tr>
<tr>
<td>‘Change and Release Management (CRM)’</td>
<td>means the set of rules used and the activities performed when a Change Request as described in Schedule 9 is initiated and until it is rejected or the change is implemented into the production environment.</td>
</tr>
<tr>
<td>‘Change Management’</td>
<td>means the processes used and the activities performed when a Change Request as described in Schedule 9 is initiated and until it is rejected or authorised for implementation.</td>
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<td>Term</td>
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<tr>
<td>‘Change Request’</td>
<td>means a request of a Party for a change that is subject to the Change and Release Management process, as described in <strong>Schedule 9.</strong></td>
</tr>
<tr>
<td>‘Change Review Group (CRG)’</td>
<td>means the group established by the Steering Level and composed of the relevant T2S Actors mandated to analyse Change Requests and make proposals on the content of T2S releases, as further specified in <strong>Schedule 9.</strong></td>
</tr>
<tr>
<td>‘Collateral Management System (CMS)’</td>
<td>means a system to manage collateral (i.e. assets, pledged as a guarantee for repayment of loans or sold as part of repurchase agreements) for Central Banks, CSDs and Directly Connected Parties.</td>
</tr>
<tr>
<td>‘Collateral Value’</td>
<td>means price of collateral including accrued interest, adjusted with appropriate haircuts and, if applicable, with the pool factor or public index.</td>
</tr>
<tr>
<td>‘Common Change’</td>
<td>means a change implemented for the benefit of all T2S Actors as described in <strong>Schedule 9.</strong></td>
</tr>
<tr>
<td>‘Common Static Data’</td>
<td>means the business information, which is available to all T2S Actors and which T2S requires to process business operations. This includes but is not limited to processing schedules, system entities, the SWIFT BIC Directory, system configuration data, attribute domains that are not specific to a CSD or central bank and standardised roles and privileges from which CSDs and Central Banks can configure their specific roles and access rights for their system users.</td>
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<td>Term</td>
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<tr>
<td>‘Confidential Information’</td>
<td>means any information, data, documentation or material that includes trade and business secrets, know how and information regarding the business, financial situation, products and prospects, processes and methodologies, customers, suppliers and employees, systems, programmes, algorithms, source codes, technical and security requirements and specifications (including any information that any party is obliged to keep confidential according to a contractual agreement or by law), and any other information, data, material or documentation (in each case to the extent marked as confidential or with a similar designation, or which a reasonable person would consider as confidential) related to a Party or its Affiliates, which such a Party has disclosed (in whatever form) to the other Party in connection with this Agreement. Confidential Information does not include information that: (a) has been designated by a Party as being intended for disclosure to Third Parties and does not reveal Confidential Information received by another Party; (b) becomes generally available to the public other than as a result of a breach of the confidentiality obligations under this Agreement; or (c) is received from a Third Party not bound by an obligation of confidentiality with respect to such information (while the receiving Party is aware or made aware by the other Party of this fact); (d) was known to or legally in a Party's possession without obligations of confidentiality prior to such information being provided as Confidential Information in accordance with this Agreement; or (e) is developed by either Party (or its Affiliates or their employees or representatives) independently without the use of Confidential Information of the other Party.</td>
</tr>
<tr>
<td>‘Connected NCB’</td>
<td>means an Eligible NCB having signed a CPA.</td>
</tr>
<tr>
<td>‘Connectivity Services’</td>
<td>means the combination of Physical Connectivity Services and Value-added Connectivity Services.</td>
</tr>
<tr>
<td>‘Crisis’ or ‘Crisis Situation’</td>
<td>means a situation that requires the involvement of the senior manager of the [NCB] (referred to as NCB crisis manager in Schedule 6), in order to manage a severe technical incident or market disturbance, either in accordance with the requirements specified in the MOP or because the procedures described in the MOP are not sufficient to effectively handle the situation.</td>
</tr>
<tr>
<td>‘CSD Steering Group (CSG)’</td>
<td>means the T2S governance body which, with respect to a set of matters stipulated in the Framework Agreement, makes resolutions and delivers opinions on behalf of the Contracting CSD and Participating CSDs. The CSG mandate is annexed to Schedule 8 of the FA.</td>
</tr>
<tr>
<td>‘Currency Participation Agreement (CPA)’</td>
<td>means each of the contractual agreement to be entered into by the Eurosystem and an Eligible NCB to allow for securities settlement in Central Bank Money in the non-euro currency they are responsible for.</td>
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<td>Term</td>
<td>Definition</td>
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<tr>
<td>‘Dedicated Cash Account (DCA)’</td>
<td>means a cash account in T2S operated by a Central Bank.</td>
</tr>
<tr>
<td>‘Dedicated Cash Account Holder (DCA Holder)’</td>
<td>means a holder of a DCA which is directly connected to T2S (i.e. through A2A and/or U2A).</td>
</tr>
<tr>
<td>‘Dedicated Link Connection’</td>
<td>means a solution to connect the T2S data centres with the data centres of the Directly Connected T2S Actors, whereby the Value-added Connectivity Services are implemented in T2S and in the systems of the Directly Connected T2S Actors.</td>
</tr>
<tr>
<td>‘Delivery-versus-Payment (DvP)’</td>
<td>means a securities settlement mechanism which links a securities transfer and a funds transfer in such a way as to ensure that delivery occurs if – and only if – the corresponding payment occurs.</td>
</tr>
<tr>
<td>‘Development Phase’</td>
<td>means the period, during which the Eurosystem specifies, develops and tests T2S and establishes its operational framework; this period ends on the date that the Governing Council decides that the full scope of T2S Services as documented in Schedule 5 are operational in the T2S production environment, as depicted in Annex 1 to Schedule 1.</td>
</tr>
<tr>
<td>‘Direct Loss’</td>
<td>means loss or damage directly caused to the damaged Party as a result of the gross or ordinary negligence of the other Party in performing its duties and obligations under this Agreement. Lost revenues, lost profits, lost savings and reputational damage shall not qualify as Direct Loss, instead they shall qualify as indirect losses.</td>
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<td>Term</td>
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<tr>
<td>‘Directly Connected Party (DCP)’</td>
<td>means a T2S User, which has been authorised by its Contracting CSD or Central Bank to access T2S directly to use T2S Services (e.g. directly connected DCA Holder).</td>
</tr>
<tr>
<td>‘Directly Connected T2S Actor’</td>
<td>means either any of the Participating CSDs, or any of the Connected NCBs, or any of the DCPs or directly connected DCA Holders.</td>
</tr>
<tr>
<td>‘Dispute Resolution and Escalation Procedure’</td>
<td>means the procedure described in Article 37] of this Agreement for resolving disputes between the Parties.</td>
</tr>
<tr>
<td>‘Dynamic Data’</td>
<td>see ‘Transactional Data’.</td>
</tr>
<tr>
<td>‘ECB’</td>
<td>means the European Central Bank.</td>
</tr>
<tr>
<td>‘Eligible NCB’</td>
<td>means (i) each Non-euro Area NCB, and (ii) each Other Central Bank from the country belonging to the European Economic Area, or from another country in the case where it is deemed eligible pursuant to the Governing Council decision referred to in recital F of the Currency Participation Agreement.</td>
</tr>
<tr>
<td>‘Enforceable Judgement’</td>
<td>means a binding and enforceable judgment or equivalent type of decision rendered by a court or award rendered by an arbitral tribunal</td>
</tr>
<tr>
<td>‘ESMA’</td>
<td>means European Securities and Markets Authority</td>
</tr>
<tr>
<td>‘Euro Area NCB’</td>
<td>means the NCB of a Union Member State whose currency is the euro.</td>
</tr>
<tr>
<td>‘Eurosystem’</td>
<td>means, in accordance with Article 1 of the Statute of the ESCB and of the European Central Bank, the ECB and the NCBs of the Union Member States whose currency is the euro.</td>
</tr>
<tr>
<td>‘Eurosystem Acceptance Testing (EAT)’</td>
<td>means the formal testing conducted by the Eurosystem to determine whether the T2S Platform is compliant with the T2S Scope Defining Set of Documents.</td>
</tr>
<tr>
<td>‘Eurosystem Central Bank’</td>
<td>means either the ECB or the Euro Area NCB, as the case may be.</td>
</tr>
<tr>
<td>‘Exit Management’</td>
<td>means a set of rules and procedures applied on termination of the Agreement, howsoever caused, as described in Schedule 11.</td>
</tr>
<tr>
<td>‘External Examiner’</td>
<td>means a well-reputed, internationally active auditing firm that has the tasks set out in Article 24 of this Agreement assigned to it.</td>
</tr>
<tr>
<td>‘Fast-track Change’</td>
<td>means a change that is imposed by Legal and Regulatory Requirements, or by CSG resolutions related to risk management, or changes that are critical for the stability of the T2S Platform or by Central Bank decisions related to safeguarding the currency/-ies or related to crisis management measures to ensure financial stability and that, owing to the time constraints, has to be implemented in a shorter timeframe than normal, which will be decided on an ad-hoc basis, as specified in Schedule 9.</td>
</tr>
<tr>
<td><strong>‘Force Majeure’</strong></td>
<td>means any circumstances beyond the reasonable control of the non-performing Party, including, without limitation, an element of nature or an act of God, earthquake, fire, flood, war, terrorism, civil, industrial or military disturbance, sabotage, labour strike or lock-outs, pandemic, epidemic, riot, loss or malfunction of utilities or communication services, court order, act of civil or military authority, or governmental, judicial or regulatory action.</td>
</tr>
<tr>
<td><strong>‘Framework Agreement (FA)’</strong></td>
<td>means the contractual framework between a CSD and the Eurosystem for the Development Phase and the Operational Phase of T2S.</td>
</tr>
<tr>
<td><strong>‘Free of Payment (FoP)’</strong></td>
<td>means the delivery of securities with no corresponding payment.</td>
</tr>
<tr>
<td><strong>‘General Specifications (GS)’</strong></td>
<td>means together with the GFS and the GTD, the document that describes how the Eurosystem envisages implementing the URD. In particular, the General Specifications focus on those user requirements that do not have a functional or technical dimension, such as operational support, testing, migration and Information Security.</td>
</tr>
<tr>
<td><strong>‘General Functional Specifications (GFS)’</strong></td>
<td>means a general functional description of the T2S Business Application to be developed to comply with the URD. It will include elements such as the functional architecture (domains, modules and interactions), the conceptual models, the data model or the data flow process.</td>
</tr>
<tr>
<td><strong>‘General Principles of T2S’</strong></td>
<td>means the general principles approved by the Governing Council to define the main cornerstones of T2S, as referenced to in the URD.</td>
</tr>
<tr>
<td><strong>‘General Technical Design (GTD)’</strong></td>
<td>means the document that details the solution envisaged for the T2S non-functional requirements, more specifically with regard to the application design and the infrastructure design.</td>
</tr>
<tr>
<td><strong>‘Governors’ Forum’</strong></td>
<td>has the meaning set out in Article 38 and Schedule 8.</td>
</tr>
<tr>
<td><strong>‘Governance’</strong></td>
<td>means the set of rules and procedures concerning the management of T2S Services, including the related decision-making of the parties involved in T2S, as specified in Schedule 8.</td>
</tr>
<tr>
<td><strong>‘Governance Bodies’</strong></td>
<td>means the bodies specified in Article [21 (6)] of this Agreement and involved in the decision-making process with final decisions being taken by the Governing Council in accordance with Article [21] of this Agreement and in accordance with Schedule 8.</td>
</tr>
<tr>
<td><strong>‘Governing Council’</strong></td>
<td>means the decision-making body of the ECB comprising the members of the Executive Board of the ECB and the governors of the Euro Area NCBs, as provided for in Article 10 of the Statute of the ESCB.</td>
</tr>
<tr>
<td><strong>‘Graphical User Interface (GUI)’</strong></td>
<td>means the interface that allows a user to interact with a software application through the use of graphical elements (e.g. windows, menus, buttons and icons) on a computer screen using the keyboard and the mouse.</td>
</tr>
<tr>
<td><strong>Term</strong></td>
<td><strong>Definition</strong></td>
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<tr>
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</tr>
<tr>
<td>‘Information Security’</td>
<td>means a set of requirements and procedures, described in <strong>Schedule 10</strong> and based on International Organisation for Standardisation (‘ISO’) Standard 27002:2013, as the latter is amended or replaced from time to time, aimed at safeguarding the integrity, confidentiality and availability of the T2S information and T2S Services.</td>
</tr>
<tr>
<td>‘Information Technology Infrastructure Library (ITIL)’</td>
<td>means the set of best practices for managing IT infrastructure, development and operations, maintained under the auspices of the Office of Government Commerce, an office of the UK Treasury.</td>
</tr>
<tr>
<td>‘Insolvency Event’</td>
<td>means a collective judicial or administrative proceeding, including an interim proceeding, in which the assets and affairs of the Contracting CSD are subject to control or supervision by a court or other competent authority for the purpose of reorganisation or liquidation.</td>
</tr>
<tr>
<td>‘Intellectual Property Rights (IPRs)’</td>
<td>means any patents, utility models, designs, trademarks, copyrights (each of the foregoing, to the extent applicable, registered, applied for or unregistered), inventions whether or not patentable, database rights, know-how and all rights having equivalent or similar effect in any jurisdiction.</td>
</tr>
<tr>
<td>‘Intended Settlement Date (ISD)’</td>
<td>means the date on which the parties to a securities transaction agree that settlement is to take place. The ISD is also referred to as the contractual settlement date or value date.</td>
</tr>
<tr>
<td>‘International Securities Identification Number (‘ISIN’)’</td>
<td>means the number, which uniquely identifies a security. Its structure is defined in ISO 6166.</td>
</tr>
<tr>
<td>‘Investor CSD’</td>
<td>means a CSD that holds a security for which it is not the/an Issuer CSD. It holds these securities either directly or indirectly, via one or more intermediaries, at the/an Issuer CSD</td>
</tr>
<tr>
<td>‘Issuer CSD’</td>
<td>means a CSD, which holds a primary deposit in the relevant securities, either in dematerialised or physical form.</td>
</tr>
<tr>
<td>‘Key Performance Indicator(s) (KPI(s))’</td>
<td>means a metric used to quantify the expected performance of the Eurosystem and to monitor compliance with the Service Level Agreement.</td>
</tr>
<tr>
<td>‘Lean Scope of T2S’</td>
<td>means the scope of T2S defined by the URD resulting from the market involvement and is restricted by the General Principles of T2S, as referenced in the URD.</td>
</tr>
<tr>
<td>‘Legal and Regulatory Requirements’</td>
<td>means all applicable requirements (as may be amended from time to time) that a Connected NCB must comply with, including those of a legal, regulatory (including fiscal), supervisory and oversight nature and that are relevant in the context of T2S.</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
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</tr>
<tr>
<td>‘Licence Agreement’</td>
<td>means the contract signed by the Banca d'Italia, in the name and on behalf of the Eurosystem, and each NSP, which contains the requirements which the latter has to fulfil to be entitled to deliver the Connectivity Services to the Eurosystem and to the Directly Connected T2S Actors.</td>
</tr>
<tr>
<td>‘Maintenance Window’</td>
<td>means the period for system maintenance, during which T2S is planned to be unavailable, as defined in Schedule 6.</td>
</tr>
<tr>
<td>‘Manual of Operational Procedures (MOP)’</td>
<td>means the document that describes the procedures to be applied by all T2S Actors, aimed at ensuring the smooth conduct of daily operations and at minimizing the duration and impact of service interruptions or deteriorations.</td>
</tr>
<tr>
<td>‘Matching’</td>
<td>means the process used for comparing the settlement details provided by parties in order to ensure that they agree on the terms of the transaction.</td>
</tr>
<tr>
<td>‘Member State’</td>
<td>means a country that is a member of the Union.</td>
</tr>
<tr>
<td>‘Migration’</td>
<td>means a set of rules and procedures concerning the [NCB’s] migration to T2S, as described in Schedule 4.</td>
</tr>
<tr>
<td>‘Migration Period’</td>
<td>means the time period beginning on the date on which the T2S Board confirms that the T2S production environment is ready for CSDs and Central Banks to connect (SP14.1 – Ready to connect to Production (Wave 1)) and ending on the date on which [all CSDs and Central Banks] that have signed the FA and the CPA, respectively, have migrated to T2S.</td>
</tr>
<tr>
<td>‘Multilateral Character of T2S’</td>
<td>has the meaning set out in Article [3] of this Agreement.</td>
</tr>
<tr>
<td>‘National User Group (NUG)’</td>
<td>has the meaning set out in the Annex to the T2S Guideline and link the respective national market with the AG.</td>
</tr>
<tr>
<td>‘NCB-specific Requirements’</td>
<td>means features affecting the design, functionality and/or operational or legal requirements of T2S or Legal and Regulatory Requirements, that are specific to the [NCB] and that are described in Schedule 13.</td>
</tr>
<tr>
<td>‘NCBs’ Acceptance Tests of the T2S Services’</td>
<td>means the process whereby the Connected NCB assesses the compliance of the relevant T2S Services with Schedule 5 and the T2S Scope Defining Set of Documents as further specified in Article [13] of this Agreement and in Schedule 3.</td>
</tr>
<tr>
<td>‘Non-euro Currencies Steering Group (NECSG)’</td>
<td>means the T2S governance body which, with respect of a set of matters stipulated in the CPA, makes resolutions and delivers opinions on behalf of the non-euro area NCBs having signed the CPA. The NECSG mandate is annexed to Schedule 8 of the CPA.</td>
</tr>
<tr>
<td>‘Non-euro Area NCB’</td>
<td>means the NCB of a Union Member State, whose currency is not the euro.</td>
</tr>
</tbody>
</table>
### Schedule 1 – Definitions

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>‘Operations Managers Group (OMG)’</td>
<td>means the group established by the Steering Level and composed of the relevant T2S Actors that develops and maintains the Manual of Operational Procedures, meets to review the T2S service performance against the Service Level Agreement and coordinates the management of operational incidents, as specified in Schedule 6.</td>
</tr>
<tr>
<td>‘Operational Phase’</td>
<td>means the time period when the full scope of T2S Services are operational in the T2S production environment and beginning on the T2S Go-Live Date, as depicted in Annex 1 to Schedule 1.</td>
</tr>
<tr>
<td>‘Other Central Bank’</td>
<td>means the Central Bank of a country outside the EU.</td>
</tr>
<tr>
<td>‘Other T2S Specification Documents’</td>
<td>means the set of documents, when added to the T2S Scope Defining Set of Documents, that provide a full description of T2S. This includes the GFS non-Functional Chapters.</td>
</tr>
<tr>
<td>‘Parallel Currency Participation Agreement’</td>
<td>means an agreement essentially identical, save for the identity of the Parties, to this Agreement, entered into between a Connected NCB (other than the [NCB]) and the Eurosystem.</td>
</tr>
<tr>
<td>‘Participating CSD(s)’</td>
<td>means the CSD(s) that have signed the Framework Agreement.</td>
</tr>
<tr>
<td>‘Party’ or ‘Parties’</td>
<td>means the Connected NCB and the Eurosystem or either of them (as required by context).</td>
</tr>
<tr>
<td>‘Payment Bank’</td>
<td>means a commercial bank used to affect money settlements. In the context of securities settlement, a Payment Bank provides cash on behalf of a CSD participant to support the settlement of securities.</td>
</tr>
<tr>
<td>‘Payment Free of Delivery (PFoD)’</td>
<td>means a transfer of cash without the delivery of securities.</td>
</tr>
<tr>
<td>‘Physical Connectivity Services’</td>
<td>means the implementing, maintaining and keeping available of a data communication network for the purpose of exchanging files and messages between the Directly Connected T2S Actors and T2S, as more specifically described in the Licence Agreement.</td>
</tr>
<tr>
<td>‘Pricing’</td>
<td>means a set of rules and procedures that is applied to price the T2S Services and T2S-related services provided by the Eurosystem, as described in Schedule 7.</td>
</tr>
<tr>
<td>‘Project Managers Group (PMG)’</td>
<td>means the group established by the Steering Level and composed of the relevant T2S Actors that coordinates and monitors activities to ensure that the initial release as well as subsequent releases of T2S go live, as specified in Schedule 2, 3 and 4.</td>
</tr>
<tr>
<td>‘Real-time Settlement’</td>
<td>means the continuous process in T2S that settles or attempts to settle instructions that are eligible for settlement on a transaction-by-transaction basis.</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
</tr>
<tr>
<td>------</td>
<td>------------</td>
</tr>
<tr>
<td>‘Release Management’</td>
<td>means the set of rules used and the activities performed to implement a set of authorised changes and defect corrections in a new version of the T2S Business Application, as set out in Schedule 9.</td>
</tr>
<tr>
<td>‘Relevant Competent Authority’</td>
<td>means any organisation having regulatory, supervisory or oversight authority over the [NCB], or a Connected NCB or a Participating CSD (as required by the context).</td>
</tr>
<tr>
<td>‘RTGS Participants’</td>
<td>means participants in the RTGS System that are considered as participants according to the national implementation of Article 2 of Settlement Finality Directive [OR if the NCB is established outside the European Economic Area: participants in the [NCB’s] RTGS System that enjoy an equivalent protection to that in force for ‘participants’ as defined in Article 2 of the Settlement Finality Directive].</td>
</tr>
<tr>
<td>‘RTGS System’</td>
<td>means a Real-Time Gross Settlement System operated by the [NCB] or by another Central Bank (as required by the context) which is connected to T2S to provide liquidity in [currency] to T2S.</td>
</tr>
<tr>
<td>‘Schedule’</td>
<td>means a Schedule to this Agreement.</td>
</tr>
<tr>
<td>‘Second T2S Protocol’</td>
<td>means the protocol signed by all Eurosystem CBs the purpose of which is for the Eurosystem CBs to grant each other a power of attorney to sign the Framework Agreement with the CSDs in the name and on behalf of all the Eurosystem CBs.</td>
</tr>
<tr>
<td>‘Securities Account’</td>
<td>means an account maintained by a CSD to which securities may be credited or debited.</td>
</tr>
<tr>
<td>‘Securities Settlement System’</td>
<td>means a system as defined in Article 2(a) of Directive 98/26/EC for the execution of transfer orders related to title to or interest in a security or securities by means of a book entry on a register, or otherwise.</td>
</tr>
<tr>
<td>‘Service Description’</td>
<td>means the description of the T2S Services, contained in Schedule 5.</td>
</tr>
<tr>
<td>‘Service Level’</td>
<td>means level of performance of a T2S Service that Schedule 6 and that the Contracting CSD requires to deliver its services to its customers.</td>
</tr>
<tr>
<td>‘Service Level Agreement (SLA)’</td>
<td>means the agreement defining the Service Levels, measured against agreed KPIs where relevant, to be provided by the Eurosystem to the Connected NCBs, as specified in Schedule 6 and in relation to T2S Services.</td>
</tr>
<tr>
<td>‘Service Level Report’</td>
<td>means the monthly report made available by the Eurosystem to the [NCB] to determine the degree of the Eurosystem’s compliance with the Service Level Agreement, as specified in Schedule 6, in particular as regards the KPIs.</td>
</tr>
<tr>
<td>‘Settlement Day’</td>
<td>means a day on which T2S settlement takes place according to the daily processing schedule.</td>
</tr>
<tr>
<td>‘Specific Change’</td>
<td>means any new feature, functionality or service – or any amendment of an existing feature, functionality or service – which is not implemented as a Common Change (within the applicable governance arrangements), but which some Participating CSDs and/or Central Banks wish to implement, provided that it is compliant with the Lean Scope of T2S, and for which they jointly accept to bear the investment and running costs.</td>
</tr>
<tr>
<td>‘Steering Level’</td>
<td>means the level comprising the T2S Board for tasks delegated by the Governing Council, the NECSG and the CSG, as specified in Schedule 8.</td>
</tr>
<tr>
<td>‘Suspension’</td>
<td>means the temporary freezing – possibly limited to the T2S Services relevant to the cause of suspension – of the rights and obligations of the Contracting [NCB] for a period of time to be determined by the Eurosystem, as described in Article [39].</td>
</tr>
<tr>
<td>‘T2S Actor’</td>
<td>means either the Participating CSDs, a CSD participant (a legal entity or, as the case may be, an individual) having a contractual relationship with the CSD for the processing of its securities settlement-related activities in T2S, or a Central Bank, whose currency is available for settlement-related processing in T2S, or a member of a Central Bank having a contractual relationship with the Central Bank for the processing of its settlement-related cash-processing activities in T2S.</td>
</tr>
<tr>
<td>‘T2S Board’</td>
<td>means the Eurosystem management body established pursuant to Decision ECB/2012/6, which has the task of developing proposals for the Governing Council on key strategic issues and executing tasks of a purely technical nature in relation to T2S.</td>
</tr>
<tr>
<td>‘T2S Business Application’</td>
<td>means the software developed and operated by the 4CB on behalf of the Eurosystem with a view to enabling the Eurosystem to provide the T2S Services on the T2S Platform.</td>
</tr>
<tr>
<td>‘T2S Documentation’</td>
<td>means the T2S non-scope defining set of documents that consists of the other T2S Specification Documents, the T2S Operational Phase Documents and the T2S Project Documents as described in Schedule 2 Annex 8 (T2S Deliverables List and Management Process).</td>
</tr>
<tr>
<td>Definition</td>
<td>Description</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>‘T2S-Enabled Services’</td>
<td>means the services of the [NCB] it provides to its Dedicated Cash Account Holders on the basis of the T2S Services.</td>
</tr>
<tr>
<td>‘T2S Go-Live Date’</td>
<td>means the first Settlement Day after which the first Participating CSD(s)/NCB(s) have migrated to T2S.</td>
</tr>
<tr>
<td>‘T2S Memorandum of Understanding’</td>
<td>means the Memorandum of Understanding concluded on 16 July 2009 between the Eurosystem and the Contracting CSDs as well as other European CSDs, showing the commitment towards T2S and setting out the mutual obligations and responsibilities for the time period up to the conclusion of a definitive agreement.</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
</tr>
<tr>
<td>------</td>
<td>------------</td>
</tr>
<tr>
<td><strong>‘T2S Scope Defining Set of Documents’</strong></td>
<td>means the set of documents defining the scope of T2S composed of the URD, the UDFS, the GUI Business Functionality, the GFS Functional Chapter, the Data Migration Tool Requirements and Related Procedures and the Data Migration Tool File Specifications.</td>
</tr>
<tr>
<td><strong>‘T2S Services’</strong></td>
<td>means the services to be provided by the Eurosystem to the Contracting CSDs and Central Banks as specified in this Agreement and any other relevant agreement.</td>
</tr>
<tr>
<td><strong>‘T2S Stakeholder’</strong></td>
<td>means any organisation; legal entity or governmental entity; public or private interest groups; or individual that has a valid interest in the outcome of the T2S project and the governance and operation of T2S.</td>
</tr>
<tr>
<td><strong>‘T2S Threat Catalogue’</strong></td>
<td>means the information on relevant threats to the T2S Platform, which serves as the basis for the specification of appropriate security controls and, at a later stage, the evaluation of residual risks in terms of impact and likelihood, as described in Schedule 10 (Information Security).</td>
</tr>
<tr>
<td><strong>‘T2S Trademarks and Logo’</strong></td>
<td>means all “T2S”-trademarks and / or the logo owned by a Eurosystem Central Bank.</td>
</tr>
<tr>
<td><strong>‘T2S User’ or ‘User’</strong></td>
<td>see ‘User’</td>
</tr>
<tr>
<td><strong>‘TARGET2-Securities (T2S)’ or ‘T2S Platform’</strong></td>
<td>means the set of hardware, software and other technical infrastructure components through which the Eurosystem provides the services to CSDs that allow core, neutral and borderless settlement of securities transactions on DvP basis in Central Bank Money.</td>
</tr>
<tr>
<td><strong>‘Third Party’</strong></td>
<td>means an individual or legal entity, which is not party to the contractual relationship, as defined in this Agreement. For the avoidance of doubt, a Third Party is a person or legal entity other than the [NCB], the European Central Bank, Euro Area NCB or the T2S Operator.</td>
</tr>
<tr>
<td><strong>‘Transactional Data’</strong></td>
<td>means the information that T2S creates and stores through the execution of a business process event where the content of the information defines that event. This includes but is not limited to inbound and outbound XML messages, all types of settlement instructions and all data that T2S generates for the life cycle of the instruction (e.g. securities positions) and static data maintenance instructions. This is also referred to as Dynamic Data in the Schedules and in other documentation.</td>
</tr>
<tr>
<td><strong>‘Transfer Order’</strong></td>
<td>has the meaning set out in Article 2(i) of Directive 98/26/CE.</td>
</tr>
</tbody>
</table>
### Currency Participation Agreement

**Schedule 1 – Definitions**

<table>
<thead>
<tr>
<th>Definition</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>‘User’ or ‘T2S User’</td>
<td>means a legal entity or, as the case may be, an individual, that has a contractual relationship with the Contracting CSD or another Participating CSD for the processing of its settlement-related activities in T2S, or a member of a CB (whose currency is available for settlement-related processing in T2S) having a contractual relationship with the CB for the processing of its securities settlement-related cash-processing activities in T2S.</td>
</tr>
<tr>
<td>‘User Detailed Functional Specifications (UDFS)’</td>
<td>means the a detailed description of the functions managing the T2S external data flows (from A2A). It will include the necessary information for the users to adjust or to develop their internal information systems with a view to connecting them to T2S.</td>
</tr>
<tr>
<td>‘User Handbook (UHB)’</td>
<td>means the document describing the way in which T2S Users can make use of a number of T2S software functions that are available in a U2A (screen-based) mode.</td>
</tr>
<tr>
<td>‘User Requirements Document (URD)’</td>
<td>means document setting out the user requirements for T2S as published by the ECB on 3 July 2008 and as subsequently amended through the T2S change and release management procedure.</td>
</tr>
<tr>
<td>‘User Testing’ or ‘User Tests’</td>
<td>means a set of rules and procedures concerning the T2S’s testing by the Connected NCBs as described in Schedule 3.</td>
</tr>
<tr>
<td>‘User-to-Application (U2A)’</td>
<td>means a connectivity mode to exchange information between software applications of T2S and a T2S Actor through the GUI.</td>
</tr>
<tr>
<td>‘Value-added Connection’</td>
<td>means a solution to connect the T2S data centres with the data centres of the Directly Connected T2S Actors, whereby both the Value-added Connectivity Services and the Physical Connectivity Services are provided by a NSP.</td>
</tr>
<tr>
<td>‘Value-added Connectivity Services’</td>
<td>means the set of messaging services, security services and operational services either provided by an NSP in accordance with the Licence Agreement, or implemented in T2S and in the systems of the Directly Connected T2S Actors.</td>
</tr>
</tbody>
</table>
Annex 1 – Diagram of Phases/Periods

- Ready to Start Connectivity Set-up (SP7)
- Start of Migration Activities (SP14)
- Wave I Migration Weekend
- Contingency Wave Migration & Go-Live
- Closing T2S Programme (SP 17)

- Migration Period
- User Testing Execution Phase
- Development Phase
- Operational Phase

- T2S Go-Live Date

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No other text is provided in the image.
CURRENCY PARTICIPATION AGREEMENT

SCHEDULE 2

T2S PROGRAMME PLANNING AND MONITORING
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1 Introduction

1.1 Context
T2S is a large-scale programme, involving a significant number of actors. Owing to this complexity, a successful development, implementation and production start of T2S requires agreement between the parties to this Agreement on their roles and responsibilities as well as the respective expectations and commitments during the programme. It is not sufficient for the parties to this Agreement to the T2S Programme to establish and monitor stand-alone project plans independently of each other. It requires a common programme plan that:

- is based upon clearly identified and scoped deliverables;
- takes into account all the respective constraints and dependencies of the parties to this Agreement; and
- undergoes regular, close monitoring over the life of the programme, with decisions committing all parties.

As the plan may evolve during the course of the T2S Programme, a comprehensive framework must exist to manage events that may affect the programme’s deliverables and milestones, including a review and decision-making process for adapting the programme plan. This requires a regular dialogue between the parties to this Agreement to enable them to manage their own parts of the programme, and jointly make proposals on common tasks and activities affecting the other parties to this Agreement. Contracting National Central Banks (CBs) must be in the position to organise their planning and their internal resources. Conversely, the Eurosystem planning of the User Testing and Migration phases, as well as the start operations in T2S, requires the input of all T2S Actors.

A successful programme delivery requires a consistent and complete framework to plan, coordinate, monitor and report the activities of the T2S Actors. Article 25 of the CPA defines the process of updating this Schedule 2. This Schedule 2 specifies the process of updating Annexes of Schedule 2 (see Section 7).
1.2 Structure of Schedule

The Schedule 2 contains different sections and has several Annexes. The third section presents the general responsibilities of the Eurosystem and the Contracting CBs. The fourth section describes the main documents supporting the monitoring of the T2S Programme Plan. The fifth section presents the three official views of the T2S Programme plan and their main features. The sixth section presents the main principles and conventions used for progress monitoring, for risk monitoring and for the management of bilateral relations between the Eurosystem and each Contracting CB.

The seventh section documents the T2S Programme Plan monitoring process and includes the process for changing Schedule 2 Annexes. The Annexes to Schedule 2 have three objectives:

- to provide the initial state of the T2S Programme planning documentation, which may evolve according to the processes defined in Schedule 2;
- to provide the templates used for programme reporting purposes; and
- to provide the initial state of the supporting documentation.

Schedule 2 includes the following Annexes:

**Annexes with focus on the plan substance:**
- Annex 1 - T2S Executive Summary Plan
- Annex 2 - T2S Operational Plan
- Annex 3 - T2S Detailed Plan
- Annex 4 - T2S Programme Plan assumptions

**Annexes with focus on reporting templates:**
- Annex 5 - T2S Programme Progress Reporting templates
- Annex 6 - T2S Risk and Issue Reporting templates
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54 Annexes with focus on supporting documents:

55 ▪ Annex 7 - T2S Programme Work Breakdown Structure (WBS)

56 ▪ Annex 8 - T2S list of Deliverables

57 ▪ Annex 9 - T2S list of Synchronisation points

58 ▪ Annex 10 - T2S list of Milestones on the critical path
2 Scope and Objectives

2.1 Scope

This document on Programme Planning and Monitoring (Schedule 2 of the CPA) presents the commitment of the Eurosystem to establish and maintain a common programme plan (the T2S Programme Plan) and defines roles, responsibilities, processes and interactions of the parties to this Agreement.

2.2 Objectives

The objectives of Schedule 2 are:

- to document the baseline T2S Programme Plan and its underlying assumptions;
- to define the framework for coordinating, managing and attempting to resolve potential disagreement on the T2S Programme Plan;
- to provide all parties to this Agreement with the necessary information to develop, coordinate and manage their respective project plans in coordination with the T2S Programme Plan;
- to define a monitoring and reporting framework on the progress against the T2S Programme Plan, including risks and issues; and
- to define a monitoring framework for client readiness.
3 General Responsibilities of the parties to this Agreement

3.1 General Responsibilities of the Eurosystem

The Eurosystem commits to deliver and maintain the documentation, frameworks and processes, as defined in this Schedule and its Annexes. This means that at any point in time there will be a valid programme plan and an agreed framework to provide all parties to this Agreement with relevant information on the programme status detailing the main principles, frameworks, processes and tools to support the programme monitoring. The Eurosystem commits to follow the framework and processes defined in this Schedule.

Furthermore, the responsibilities of the Eurosystem include:

- preparing and maintaining the T2S Programme Plan;
- organizing a close coordination with Contracting CBs for reviewing and proposing changes to the plan to the Steering Level;
- providing on a regular basis to Contracting CBs an accurate T2S Programme status assessment based on the T2S Programme Plan;
- preparing reports on, and response plans for, risks and issues pertaining to the T2S Programme Plan with emphasis on activities and deliverables that impact Contracting CBs;
- establishing and chairing the Project Managers Group (PMG) to review, discuss and agree on the T2S Operational Plan and the T2S Programme status for Contracting CBs relevant planning items with Contracting CSDs and Contracting CBs; and
- establishing and attending a bilateral forum between the Eurosystem and each Contracting CB to review and discuss the Contracting CB’s individual status assessment for their activities within the T2S Programme Plan.

3.2 General Responsibilities of the Contracting National Central Banks (CBs)

Contracting CBs are responsible for ensuring their own readiness and for undertaking reasonable efforts to coordinate the readiness of their clients (including those who are directly connected to T2S) to start with T2S. Contracting CBs commit to follow the framework and processes defined in this Schedule and its Annexes.

Furthermore, the responsibilities of the Contracting CBs include:
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- establishing their own adaptation plans to start operations with T2S in synchronisation with the T2S Programme Plan;

- providing relevant and accurate information on progress and achievement of milestones, deliverables and synchronisation points, as well as on risks and issues, including response plans, potentially affecting the T2S Programme Plan. This is to enable the Eurosystem to maintain the T2S Programme Plan and consolidate the information received in the context of the monitoring of client readiness;

- participating in the PMG to review, discuss and agree on the T2S Operational Plan and the T2S Programme status for activities, deliverables and milestones affecting the plans of Contracting CBs; and

- participating in a bilateral forum between the Eurosystem and each Contracting CB to review and discuss the Contracting CB’s individual status assessment of its activities within the T2S Programme Plan to become operational on T2S.

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3.3 General responsibilities of the Project Manager Group (PMG)

The PMG shall be composed of representatives of the Eurosystem, Contracting CSDs and Contracting CBs. Schedule 1 and Schedule 8 define the general role of the PMG. The following specifies the responsibilities of the PMG when supporting activities as defined in Schedule 2. The PMG shall:

- Meet (physically or via conference call) on a regular basis and on an ad hoc basis when requested by one of the members. The PMG determines the frequency of its meetings based on its needs.
- Assess the T2S Operational Plan and propose updates as detailed in Section 7.
- Assess the T2S Programme status report and propose changes.
- Identify risks and issues related to the execution of the T2S Plan.
- Propose mitigation or resolution measures for all risks and issues identified.
- Discuss and propose solutions for multilateral issues related to the readiness of one of its members.
- Act proactively and in good faith to achieve agreement between PMG members.
- Prepare escalations on and escalate disagreements to the Steering Level.
- Be informed on a regular (e.g. quarterly) basis and identify the needs of the changes to the T2S Scope Defining Set of Documents.
4 Supporting Documentation

The Eurosystem provides the documents described in this section as background information supporting programme planning and monitoring. The Annexes to Schedule 2 contain the baseline versions of these documents. These documents may evolve in the course of the programme as defined by the processes in Section 7.

The supporting documentation provides the reference that allows the reader to understand the content and construction of the plans and reports.

4.1 T2S Programme Work Breakdown Structure

The Eurosystem defines and maintains a Work Breakdown Structure (WBS) for the purpose of programme planning and monitoring. The WBS is a Deliverable-oriented hierarchical decomposition of the work that the T2S Programme needs to execute to deliver T2S successfully. The WBS is the basis for grouping, aggregating and classifying the activities and deliverables for the T2S Programme Plan as well as for T2S programme status monitoring.

4.2 T2S Programme Deliverables

A Deliverable is a unique and verifiable product, result, or capabilities to perform a service, required to complete a process or phase\(^1\).

The specification of the Deliverable consists of the information documented in the introduction to Annex 8 (e.g. name of the Deliverable, its classification according to the WBS)

The Eurosystem defines and maintains the List of Deliverables.

\(^1\) In line with the PMBOK\(^{®}\)
4.3 Milestones

Milestones are significant points or events in the programme. In addition to this standard milestone definition, the T2S Programme Plan includes specific milestones as defined in the subsequent paragraphs.

4.3.1 Synchronisation Points

A synchronisation point is a point of time in the programme at which the T2S Programme is to reach a specific objective. The purpose of a synchronisation point is to monitor at foreseen time intervals that the progress of all parties to this Agreement is in line with the programme plan.

The Eurosystem provides the list of synchronisation points, which includes the list of the deliverables and milestones that require delivery or completion by the Eurosystem, Contracting CSDs and Contracting CBs in order to have successfully achieved the synchronisation point.

4.3.2 Critical Milestones

Critical milestones are milestones on the critical path of the T2S Programme Plan.

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2 In line with the PMBOK®
5 T2S Programme Plan

The T2S Programme Plan is the common Eurosystem-CSD-CB plan. This chapter describes the three views of the T2S Programme Plan that the Eurosystem provides in order to allow Contracting CSDs and Contracting CBs to monitor the progress of the T2S Programme and update their own plans.

The T2S Programme WBS, based on work streams, provides the organisational structure for activities, tasks, and milestones of the plans.

5.1 CB-relevance of planning items

The T2S Programme Plan differentiates between CB-relevant, non-CB-relevant and CB-internal planning items, specifically identified in the T2S Programme Plan.

5.1.1 CB-relevant planning items

These are planning items (e.g. deliverables, milestones and processes) affecting, or being affected by the Contracting CBs.

- Deliverables are CB-relevant if the Contracting CB is:
  - the assignee;
  - the addressee;
  - the reviewer; or
  - being consulted.

- Meetings, workshops are CB-relevant when:
  - the Contracting CB is participating (e.g. NECSG, PMG, AG, Sub Groups); or
  - feedback is expected on specific topics (e.g. planning workshops)

- Programme phases, activities and tasks are CB-relevant when the Contracting CB is involved as an actor, e.g. as a reviewer or an observer.

- Programme phases, activities and tasks affecting the successful and timely completion of the Synchronisation Points.
The Eurosystem will provide status reporting on these items in the PMG. Contracting CBs can review/analyse, discuss, and envisage alternative solutions for these items.

5.1.2 Non CB–relevant planning items

These are planning items (e.g. deliverables, milestones and processes) that do not require any Contracting CB involvement. The T2S Programme Plan does not present the details of activities or steps leading to a deliverable, but it provides milestones and summary tasks to ease plan readability.

Some examples for these items:

- Internal Eurosystem activities or deliverables not impacting the critical path or the delivery of a Contracting CB deliverable (e.g. Internal Detailed Functional Specifications, Internal development process);
- predecessor of processes highlighted above (all the tasks preparatory to the deliverables, e.g. information security preparatory work related to the deliverable ‘risk assessment’); and
- independent processes (e.g. Internal Eurosystem governance).

The Eurosystem shall provide a status reporting and information on planning items that are not CB-relevant that are in the Operational Plan. However, Contracting CBs do not analyse and propose alternative solutions for these planning items.

5.1.3 Internal CB planning items

The T2S Programme Plan presents the main dependencies, relating to the completion process for specific milestones, called Synchronisation Points. Since Contracting CBs may be ready at various points in time, the T2S Programme Plan only presents the ultimate deadline before a delay could affect the critical path.

In the context of the monitoring of client readiness, Contracting CBs report progress on these items to their relationship manager, who in turn reports to the PMG. These items are under management responsibility of the Contracting CB. Therefore, the Eurosystem does not analyse or propose alternative solutions for these items.

5.2 T2S Programme Plan Views

The Eurosystem ensures the synchronisation of three different views of the T2S Programme Plan:
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- the T2S Detailed Plan, which presents the most detailed level and is to be used as reference to support detailed discussions when issues arise at the level of the T2S Operational Plan;

- the T2S Operational Plan, which forms the baseline subject to monitoring at PMG level;

- the T2S Executive Summary Plan, which is the plan communicated externally and which contains the most important dates of the T2S Programme Plan.

The Eurosystem produces an initial version of the plans in June of each year. The Eurosystem reviews the draft plans with Contracting CBs, wherever CB-relevant, in order to deliver an agreed T2S Operational Plan in September following the process described in Section 7 of the present Schedule.

5.2.1 T2S Detailed Plan

The T2S Detailed Plan provides for the T2S Programme the accurate and detailed planning for all deliverables and activities, relevant for Contracting CBs as well as selected deliverables, milestones and activities not CB-relevant or CB-internal to ease readability. It also provides the necessary details until the end of the project, bearing in mind that the accuracy of the information decrease with time. The purpose of the T2S Detailed Plan is to provide the single point of reference and to support discussion within the PMG when the T2S Operational Plan does not provide sufficient detail.

The Eurosystem produces an updated version of this plan in June. The Eurosystem reviews a draft T2S Detailed Plan with Contracting CBs, wherever CB-relevant, to support the delivery of the T2S Operational Plan in September.

The T2S Detailed Plan specifies:

- all CB-relevant deliverables, milestones and activities (flagged as “CB-relevant”);

- selected deliverables, milestones and tasks that are not-CB-relevant or CB-internal, but required for the understanding of the plan and for a global overview of the programme;

- the synchronisation points for the monitoring of client readiness for Contracting CSDs and Contracting CBs; and

- a Schedule of meetings and workshops, requiring the participation of Contracting CSDs and/or Contracting CBs.
The T2S Programme Office provides updates of this plan as references to support the bilateral meetings for monitoring of client readiness (MCR) and the meetings of the PMG.

Should a regular update relate to an internal Eurosystem activity (4CB or ECB) and have no impact on the T2S Operational Plan (e.g. critical path, readiness; review period, etc.), the Eurosystem amends the T2S Detailed Plan, without prior discussion at PMG level.

5.2.2 T2S Operational Plan (One-Year Rolling)

The T2S Operational Plan aggregates the detail of the T2S Detailed Plan for one calendar year, including all tasks starting and/or finishing in that year. It also provides summary tasks and activities for the subsequent years until completion of the programme. This plan forms the baseline and is the basis for the reporting of the T2S Programme status. The purpose of the T2S Operational plan is:

- to coordinate the activities and interactions on deliverables between the Eurosystem and Contracting CBs;
- to enable Contracting CBs to develop and to monitor their own internal plans for T2S and to determine their resource requirements; and
- to support Contracting CBs in performing their own assessment of the progress of the T2S Programme.

The T2S Operational Plan specifies for the one calendar year:

- all major deliverables, dependencies, milestones and aggregated tasks;
- whether a planning item is CB-relevant;
- the synchronisation point for the monitoring of client readiness for Contracting CSDs and Contracting CBs; and
- a summary task of the period of time requiring the participation of Contracting CSDs and/or Contracting CBs.
The Eurosystem provides updates of this plan to support the meetings for monitoring of client readiness and the meetings of the PMG. If a planning update affects another party (in the larger sense: readiness with external provider, review period, dependency Eurosystem, Contracting CSDs and Contracting CBs etc...) or influences the critical path, focussed information will be provided, including the explanation of the issue, the impact analysis and whenever relevant, the presentation of alternative solutions to be envisaged.

5.2.3 T2S Executive Summary Plan

The T2S Executive Summary Plan documents the milestones, synchronisation points and the duration of activities for the major deliverables and phases of the T2S Programme in order to provide a high-level summary view of the T2S Programme Plan.

5.3 T2S Critical Path

The critical path is the sequence of activities/tasks with the longest overall duration, determining the shortest time possible to complete the programme.

The T2S Detailed Plan documents the critical path for the Eurosystem activities and includes some external dependencies such as activities of Contracting CBs. Building the critical path for external dependencies requires a series of assumptions, as the plan cannot reflect detailed dependencies with each Contracting CB. The Eurosystem provides all such assumptions (Annex 4 to this Schedule) when providing the T2S Detailed Plan. The T2S Detailed and T2S Operational Plan highlights (MS Project) the tasks belonging at the critical path in red. The critical path may change because of updates of the T2S Detailed Plan.
6 Monitoring frameworks

The next sections define supporting materials and the methodology followed to assess progress and report the risks and issues. Section 7 describes the underlying process.

6.1 T2S Programme Status Assessment Framework

6.1.1 Objectives and Scope

The Eurosystem establishes a T2S Programme status assessment framework. The objectives of the framework are:

- Organise regular reporting to all parties to this Agreement at the various levels of governance about the progress of the T2S Programme against the T2S Operational Plan;
- to enable proper monitoring by providing a status report;
- to facilitate the coordination of activities and interactions on deliverables between the Eurosystem and the Contracting CBs; and
- to ensure that possible plan deviations against the Operational Plan are identified, discussed and addressed in a timely and appropriate manner.

In regularly scheduled (multilateral) assessment meetings with Contracting CBs, the Eurosystem reports on the progress against the T2S Operational Plan. Contracting CBs report their progress on deliverables pertaining to synchronisation points on a bilateral basis as part of the monitoring of client readiness.

6.1.2 Key Element of Programme Status Assessment and Monitoring

The process description for programme assessment and monitoring is Annex 5 to this Schedule.
6.1.2.1 T2S Progress Dashboard

The T2S Programme WBS specifies the structure of the dashboard template, presented in Annex 5 and 6 to this Schedule. Using the WBS, the T2S dashboard presents a high-level overview of the progress achieved and the overall risk situation for the main streams of the programme (aggregation of activities and deliverables at work stream level).

The T2S Progress Dashboard presents the following elements:

- status, with colour coding;
- change (for status), compared to previous report;
- trend, expected in the next report;
- risk, with colour coding; and
- change, (for risk) compared to previous report.

6.1.2.2 T2S Programme Status Report

The Eurosystem provides a T2S Programme Status. The T2S Programme Status Report includes:

- the high-level T2S Progress Dashboard, as described in the previous Section;
- per work stream a status assessment for each CB-relevant deliverable with a status “green”, “yellow” or “red”;
- per work stream a detailed status assessment for each CB-relevant deliverable with a status “yellow” or “red”; 
- per work stream a risk assessment for each CB-relevant deliverable. A detailed risk assessment is provided in case the risk criticality is “yellow” or “red”; and
- per work stream an issue description (incl. a response plan) for each issue pertaining to a CB-relevant Deliverable, in case a risk has materialised.

6.1.2.3 Conventions

The Eurosystem prepares a programme status assessment for each Deliverable, using colour coding (Green/Yellow/Red). This assessment evaluates the status of a Deliverable based on time, quality and scope.
A specific colour, based on a three colours scheme, specifies the progress:

<table>
<thead>
<tr>
<th>Colour</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green</td>
<td>Deliverable is within the required scope and quality and is on time.</td>
</tr>
<tr>
<td>Yellow</td>
<td>Deliverable will not have the required scope, will be delayed and/or not of the required quality if no corrective measures are taken.</td>
</tr>
<tr>
<td>Red</td>
<td>Corrective measures have not delivered the expected effect or no corrective measures are possible. Deliverable will be delayed to achieve the required quality or scope if no extraordinary action is taken and requires escalation as described in section 7.2.</td>
</tr>
</tbody>
</table>

In addition to the colour reported for the progress assessment, the reporting of the Deliverable shows:

- the change from the previous progress assessment; and
- the expected trend for the next monitoring period.

The T2S Programme Status Report provides detailed information for each activity or Deliverable with a “yellow” or “red” status, including:

- the list of achievements;
- when relevant, the list of milestones missed or delayed; and
- the list of mitigating actions already started or envisaged to manage the situation.

### 6.2 T2S Risk and Issue Management and Monitoring Framework

#### 6.2.1 Definitions, Scope and Objectives

The Eurosystem establishes a T2S Risk and Issue Management and Reporting Framework as a comprehensive tool for the handling of risks and issues. The term ‘risk’ refers to a ‘threat’ to the successful delivery of the T2S Programme. The framework does not track and manage ‘opportunities’. ‘Issues’ define materialised risks.

The objectives of the framework that all parties to this Agreement are to follow are:

- to identify, manage and monitor risks and issues, potentially affecting the successful delivery of the T2S Programme;
- to inform and discuss between all parties to this Agreement in case of risks/issues, which may
potentially impact T2S Operational Plan;

- to ensure that potential risks are addressed in a timely and appropriate manner; and

- to ensure that planning issues are identified, discussed and addressed in a timely and appropriate manner.

6.2.2 Principles

The T2S Risk and Issue Management and Reporting Framework covers all risks, which may materialise during the programme’s lifetime (i.e. from today until ‘start operation’) and all identified issues. The framework also foresees for each risk a root cause analysis, which identifies the underlying cause leading to the risk. The assumption is that one root cause will exist for each risk.

The assessment of programme risks applies a common grading scale for probability and impact. A probability/impact matrix is then applied to determine the criticality zone each risk is allocated to. The actual risk situation (reflecting the status of implementation of mitigation measures) is decisive for assessing the criticality.

The parties to this Agreement shall report:

- risks and the related risk response strategy as soon as possible following the formal risk assessment; and

- issues as soon as possible after their identification.

6.2.3 Risk and Issue Identification and Registration

All parties to this Agreement ensure that the appropriate risk and issue management functions as well as operational processes are in place for the registration of identified risks and issues, potentially affecting the various programme deliverables and milestones. All parties to this Agreement commit to share risks and issues in the appropriate forums, as defined hereafter in the Sections “T2S Monitoring of Client Readiness Framework” and “Processes”.

6.2.4 Risk Assessment

The party to this Agreement identifying a risk (risk owner) shall evaluate the risk, based on:

- the impact on the T2S Programme; and
the probability of the risk materialising.

6.2.4.1 Risk Impact Grading Scale

The T2S Risk and Issue Management Framework applies a five-level impact grading scale:

![Risk Impact Grading Scale Table]

The programme objectives scope, quality, cost and time are the basis for evaluating the risk impact, following the international standard Project Management Book of Knowledge (PMBOK) with the exception of the cost dimension. The use of this standard facilitates the assessment of the risk by determining the effect of the materialisation of an identified risk on each project objective. The highest category of the risk’s impact on a project objective defines the overall impact of the risk.

3 The percentages are calculated against the overall project duration.
6.2.4.2 Risk Probability Grading Scale

The T2S Risk and Issue Management Framework applies a five-level probability grading scale.

<table>
<thead>
<tr>
<th>Risk Probability</th>
<th>1 Very Unlikely</th>
<th>2 Unlikely</th>
<th>3 Possible</th>
<th>4 Likely</th>
<th>5 Almost Certain</th>
</tr>
</thead>
</table>

Figure 2: Risk Probability Grading Scale

The description of the risk probability level uses a percentage to classify the risk according to a probability that it materialises. When possible, the assessment of the probability of a risk eventuating is based on comparable large-scale programmes. However, the experience of management in similar programmes and projects and the experience in operating in similar complex environments and organisations are also factors in determining the probability for common risk programme risks.

6.2.4.3 Probability-Impact Matrix

The impact of a T2S-related risk and the probability of occurring determine its level of criticality. The T2S Programme uses the following probability/impact matrix for determining the criticality of a risk according to a three colour scheme.

Figure 3: Probability-Impact Matrix

- The intersection between the impact of the risk and its probability in the matrix specifies the level of criticality of a risk to the T2S Programme (labelled with the colours green, yellow
and red). The level of criticality determines on how the risk is managed.

In case the criticality level of a work stream for which several risks have been identified needs to be determined, the most severe risk determines the criticality level of the entire work stream.

6.2.5 Risk Tolerance Policy

The T2S Programme risk tolerance policy defines the level of programme risk that the ECB (ESCB/Eurosystem) is prepared to accept. The T2S Programme risk tolerance policy stipulates that the criticality of a risk and determines the body responsible for accepting a non-mitigated risk. The framework considers risks allocated to the green criticality level as accepted ex ante. All risks allocated beyond the tolerated level, i.e. those in the yellow and red zone, are subject to further risk management measures. Risks allocated to the red zone have the highest priority for mitigation.

6.2.6 Risk Response Plan

Risk response plans address identified T2S risks. Unless exempted by the confidentiality rules, the PMG monitors the implementation of the risk response plan, as indicated in the risk identification form, based on status reports received from the risk owners. The T2S Programme Office informs the Steering Level of the status of mitigation via the regular status reports. In case the risk has been reported to the other parties to this Agreement, the respective status information is provided in the (multilateral) monitoring meetings as defined hereafter in the Sections “T2S Monitoring of Client Readiness Framework” and “Processes”.

6.2.7 Issue Response Plan

Issue Response Plans address identified issues affecting the successfully delivery of T2S. The implementation of the issue response plan and sharing of information on issues is analogous to the process for risk response plans.

6.2.8 Risk/Issue Reporting

Based on the information received via the risk/issue notification forms, the Eurosystem registers each identified risk/issue. A risk/issue sheet provides high-level information on the risk/issue and its background and forms part of the T2S Programme Status Report.
6.3 T2S Monitoring of Client Readiness Framework

6.3.1 Definitions, Objectives and Scope

In the context of this Schedule, Client Readiness is defined as the capability of a Contracting CB (and their respective communities - including DCAH) to fulfil the legal, functional, technical and organisational requirements (i.e. all showstopper are resolved) to start operation in T2S relative to the synchronisation points (CB-relevant milestones), as specified in the T2S Programme Plan.

The term Monitoring of Client Readiness (MCR) defines the framework to ascertain the readiness of a Contracting CB (and their respective communities - including DCAH) to start operation in T2S based on the Contracting CBs’ progress against the agreed milestones and deliverables of the T2S Operational Plan for the current phase of the T2S Programme. As a component of T2S Programme Planning and Monitoring, the parties to this Agreement agree to establish such a framework to allow the Eurosystem to monitor the readiness status of Contracting CBs to start operation with T2S.

The objectives of the MCR Framework are:

- to ensure accurate reporting on the progress of a Contracting CB regarding its readiness level relative to the T2S Programme Plan;
- to establish the necessary collaborative measures, rules, procedures and tools to support the monitoring process; and
- to foster the communication between individual Contracting CBs and the Eurosystem on programme-plan-related issues, with a view to ensure timely and proactive identification and notification of any event that would have a material effect on the T2S Programme Plan and the start operation of T2S.

The scope of the MCR includes activities that the Contracting CBs and their communities (including DCAH) must undertake to ensure the required readiness level relative to the T2S Operational Plan and to the successful and timely completion of the Synchronisation Points.

MCR covers all phases of the T2S Programme until start of full operation of T2S with the successful implementation of the last of the planned migration waves. It also includes the monitoring of and reporting on the readiness of the Contracting CB clients, indirectly and directly connected to T2S. It should be noted that the Contracting CBs are responsible for tracking their own community (including DCAH) and accurately reporting to the Eurosystem.
MCR encompasses the following activities:

- the monitoring of the fulfilment of the mutual obligations, milestones and deliverables;
- the monitoring and review of the mutual obligations in regular intervals and for individual periods, as bilaterally agreed, to ascertain their status as compared to the T2S Programme Plan; and
- the identification and notification of delays or any event affecting the successful and timely completion of the Synchronisation Points.

6.3.2 Monitoring of Client Readiness and Reporting

6.3.2.1 Principles

Gathering client readiness relevant information from the Contracting CB and comparing the Contracting CB’s adaptation and migration plan to the overall T2S Programme Plan ensures that all Contracting CBs consistently and jointly progress towards a successful start operation in T2S. At the synchronisation points, the parties to this Agreement can assess whether they remain aligned with the T2S Programme Plan. MCR identifies risks (incl. potential mitigation measures) as well as issues (incl. response plans), which potentially affect the Eurosystem, Contracting CSDs or Contracting CBs or the successful start operation of T2S. Between synchronisation points, the Contracting CBs and the Eurosystem collaborate closely to support each other in the timely achievement of the relevant assessments, deliverables and milestones.

The parties to this Agreement agree to meet bilaterally to review, assess and discuss the Contracting CB’s progress at least once per synchronisation point, based on agreed assessment criteria and status reporting methodology of this Schedule. Contracting CBs agree to report for readiness monitoring:

- the progress against their adaptation plan and status of their deliverables; and
- their risks and issues pertaining to their adaptation and affecting the successful completion of synchronisation points.

6.3.2.2 Periodicity

The periodicity of meetings is dependent on the phase of the T2S Programme. Meetings will occur:
Currency Participation Agreement

Schedule 2 – T2S Programme Planning and Monitoring

- on a quarterly basis from the signature of the CPA until the start of the User Testing;
- on a monthly basis from the start of User Testing; and
- on an ad hoc basis when requested by one of the parties to this Agreement.

6.3.2.3 Organisation

MCR includes all Contracting CBs participating in the T2S Programme. The Eurosystem monitors actively the degree of client readiness and asks the Contracting CBs for regular monitoring of the status of the different activities and of the preparedness level of their communities (including DCAH).

The Eurosystem monitors Client Readiness at three levels:

- The first level of monitoring is at the operational level of the client relationship management, with support provided by the other functions of the T2S Programme. The formal communication and exchange of information between the Contracting CB and the T2S Programme Office takes place by means of (a) written submissions or (b) bilateral meetings between representatives of the Contracting CB and representatives of the T2S Programme. Aiming at ensuring an efficient and effective communication, a Contracting CB has a single person of contact within the client relationship area of the T2S Programme. The role of the single person of contact is to bundle the issues, comments and questions of the Contracting CB, to coordinate and align these issues, comments and questions with other Contracting CSDs and Contracting CBs and to ensure final response and implementation;
- The second level of monitoring of client readiness is at the level of the PMG, which looks for common alternatives to resolve issues causing a delay or a risk of delay to a synchronisation point; and
- The third level of client readiness monitoring is at the Steering Level.
6.3.3 Client Readiness Reporting

The Eurosystem regularly reports on the overall Client Readiness (Contracting CSDs and Contracting CBs) as part of the programme status assessment and discusses the status with the Contracting CBs in multilateral meetings. The status of a specific Contracting CB in the context of MCR is subject to the confidentiality and transparency rules (see Section 6.3.4). The Eurosystem intends to publish aggregated client readiness-relevant information on a regular basis to provide a summary of the T2S readiness status covering the entire community (including DCAH). The Eurosystem reviews this assessment with the Contracting CBs prior to publication.

6.3.4 Confidentiality and Transparency Rules

The Eurosystem is committed to full transparency regarding T2S. T2S communication on client readiness addresses a wide spectrum of recipients, comprising individual Contracting CBs, various T2S governance bodies and the public.

Full transparency does not preclude confidentiality. As a matter of principle, and as reflected in the business rules below, Contracting CB readiness status and internal issues, discussed in the MCR bilateral meetings, remain confidential unless they affect the overall readiness, other Contracting CBs, the T2S Programme organisation and/or the T2S business case. Communication of any other topics to a third party shall require prior written mutual consent. The business rules, which govern the confidentiality versus transparency dimensions, are set out below:
Currency Participation Agreement
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Information Exchange → Information Assessment

- CSD/CB internal only
  - No impact
  - Impact on plan
  - Confidential with CSD/CB
  - Depending on impact: PMG/AG

- CSD/CB + its community
  - No impact
  - Impact on plan
  - Confidential with CSD/CB/NUG
  - Depending on impact: PMG/NUG/AG

- Other CSDs or CBs
  - No impact
  - Impact on plan
  - Confidential with PMG
  - Depending on impact: PMG/AG

- Other CSDs/CBs + communities
  - No impact
  - Impact on plan
  - Confidential with PMG/NUG
  - Depending on impact: PMG/NUG/AG
7 Processes

The below processes only cover topics related to Schedule 2; therefore, the process actors’ roles, as described below, are only applicable to the Schedule 2 topics and should not be read as a limitation to their roles in other topics of the CPA.

7.1 Methodology and Conventions

The T2S monitoring process is represented in a diagram and supported by a high-level process description.

Individual sub-processes are described, but not supported by business diagrams.

There is no specific section to describe the individual activities, decision points or business rules.

Likewise, the adaptation process for Schedule 2 Annexes is represented in a diagram and supported by a high-level process description.
7.1.1 Standards

The document uses a simplified version of the Business Process Modelling Notation (BPMN) 2.0 notation, as documented below.

<table>
<thead>
<tr>
<th>Convention</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;Process Name&gt;</td>
<td>Pools (Participants) and lanes represent responsibilities of a business actor for activities in a process. A pool or a lane can be an organization, a role, or a system. Lanes may subdivide pools or other lanes hierarchically.</td>
</tr>
<tr>
<td>This symbol represents the starting point for a process.</td>
<td></td>
</tr>
<tr>
<td>This symbol represents the termination of a process.</td>
<td></td>
</tr>
<tr>
<td>Activity</td>
<td>An Activity is a unit of work or action.</td>
</tr>
<tr>
<td>This symbol defines the execution order of activities.</td>
<td></td>
</tr>
<tr>
<td>This symbol defines an indirect execution of activity (e.g. sending/exchange of information).</td>
<td></td>
</tr>
<tr>
<td>Decision</td>
<td>This symbol represents a decision, resulting in the triggering of different activities. It typically follows an activity.</td>
</tr>
<tr>
<td>Gateway, used to ease the readability of the flow transfers</td>
<td></td>
</tr>
<tr>
<td>Document</td>
<td>A Data Object represents information flowing through the process, such as business documents, e-mails, or letters</td>
</tr>
<tr>
<td>External Process</td>
<td>Indicates reference to an external process not described in the current business process map</td>
</tr>
</tbody>
</table>
7.2 Programme Plan Preparation, Adaptation and Assessment Review Process

Programme Plan Preparation and Assessment process (T2S.PMO.PMF.000).vsd

T2S Board

Decision Taking (Schedule 2, Section 1.8)

Consensus

Yes

Assess Plan & Status report

Yes

Assess Plan & Status report

NECG/CSC

Any processes (e.g. MCR) having an impact on the plan

Prepare Plan & Status report

PMG

Any processes (e.g. in a PMG substructure) having an impact on the plan

Assess need to review T2S Programme Plan

Agree Need Current Plan & Status report

Disagreement Resolution Process (T2S.PMO.PMF.040)

Review Plan & Status report

Agree Need Current Plan & Status report

Yes

No
## 7.2.1 Process Actors and their Roles

<table>
<thead>
<tr>
<th>T2S Programme Office</th>
<th>The T2S Programme Office is responsible for collecting information from the Eurosystem, Contracting CSDs and Contracting CBs in order to prepare for PMG and Steering Level review:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- An updated T2S Programme Plan;</td>
</tr>
<tr>
<td></td>
<td>- A Programme Status Report (including progress, risks and issues).</td>
</tr>
<tr>
<td></td>
<td>The T2S Programme Office sends the relevant information (T2S Programme Plan and Programme Status Report) to the PMG, at least 1 week before PMG meetings. The T2S Programme Office is responsible for organising and chairing the PMG meetings.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PMG</th>
<th>In this process, the PMG is responsible for:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Assessing and agreeing on the updates of the T2S Operational Plan</td>
</tr>
<tr>
<td></td>
<td>- Assessing and agreeing on the T2S Programme status report.</td>
</tr>
<tr>
<td></td>
<td>Its responsibility is to analyse the plan and the reporting packages, propose improvements or changes, and highlight risks and issues. When alternatives for solving an issue exist, the PMG will assess them and propose the best way forward.</td>
</tr>
<tr>
<td></td>
<td>It is the responsibility of the PMG to act pro-actively and in good faith to try to achieve agreement between PMG members.</td>
</tr>
</tbody>
</table>

| NECSG                | The NECSG is responsible for assessing the programme plan and programme status, taking into account the recommendations supplied by the PMG and taking all necessary steps to reach a consensus at Steering Level. |

| T2S Board            | The T2S Board is responsible for assessing the programme plan and programme status, taking into account the recommendations supplied by the PMG and taking all necessary steps to reach a consensus at Steering Level. The T2S Board also coordinates the work at Steering Level to reach a consensus following the process described in Schedule 8, Section 1.3. |
7.2.2 High-Level Process Description

This section provides an overview of the process to monitor the T2S Programme Plan. This includes progress and risk reporting, and adaptation to the plan. This process encompasses the ongoing monitoring of the programme by the different actors. It applies to production of the programme status reports and to updates of the plan. It may also result in changes to the different supporting documents, e.g. to document changes in planning assumptions. This process does not apply to changing the layouts of plans and supporting documents, as described in the Annexes of this Schedule 2. Such changes follow the process for the adaptation of Schedules described in section 7.3.

The T2S Programme Office collects information from the Eurosystem, Contracting CSDs and Contracting CBs for plan updates and status reporting.

Based on the information received, the T2S Programme Office updates the T2S Operational Plan, prepares a Programme status reports.

When applicable, the T2S Programme Office prepares presentations on changes, impacts and alternative solutions.

The T2S Programme Office sends the various plans and the programme status report to the PMG at least one week before the meeting.

The T2S Programme Office presents the overall programme plan and status during the PMG sessions for review and discussion.

Once the PMG has reviewed and agreed on the T2S Operational Plan and status reports, it forwards the plan and status reports to the Steering Level for endorsement. The T2S Board coordinates the work at Steering Level to reach a consensus following the process described in Schedule 8, Section 1.3.

In case of disagreement on the implementation, the PMG may initiate the PMG disagreement resolution process in order to seek for guidance from the Steering Level.

The PMG meets at least quarterly or as agreed with the PMG members.
7.3 Adaptation Process for updated Annexes without affecting the plan:

7.3.1 Process Actors and their Roles

<table>
<thead>
<tr>
<th>Process Actor</th>
<th>Process Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>T2S Programme Office</td>
<td>The T2S Programme Office is responsible for:</td>
</tr>
<tr>
<td></td>
<td>▪ identifying and raising adaptation requests;</td>
</tr>
<tr>
<td></td>
<td>▪ collecting adaptation requests;</td>
</tr>
<tr>
<td></td>
<td>▪ undertaking the impact assessment for the requested adaptation;</td>
</tr>
<tr>
<td></td>
<td>▪ communicating the results of the impact analysis to the PMG; and</td>
</tr>
<tr>
<td></td>
<td>▪ implementing the adaptation in the applicable processes and templates.</td>
</tr>
<tr>
<td>CB</td>
<td>The Contracting CBs are responsible identifying and raising adaptation requests, if relevant.</td>
</tr>
<tr>
<td>Monitoring of Client Readiness</td>
<td>The MCR is responsible for providing information on the reasons for the adaptation request to the T2S Programme Office to allow for an impact assessment.</td>
</tr>
</tbody>
</table>
7.3.2 High Level Process Description

This section provides a process to adapt the Annexes to the present Schedule that do not affect the plan over time in a controlled way. This process is valid to change the layout of the plan and of the supporting documentation, but it does not apply for changing the plan (e.g. the Eurosystem and/or CBs may wish to review the Annexes to Schedule 2 of this CPA in order to improve reporting). Adaptations approved at Steering Level, do not need to go through this procedure, and should be directly implemented.

The T2S Programme Office and/or CBs may wish to change an Annex.

The T2S Programme Office collects the change(s) request. Thereafter, the T2S Programme Office assesses the change(s) request. The PMG reviews the change(s) request together with the T2S Programme Office assessment.

After agreement on the change(s) at PMG level, the T2S Programme Office implements the change(s).

In case of disagreement, the PMG may initiate the disagreement resolution process to get agreement on the proposed change(s).
7.4 Disagreement Resolution process

### Process Actors and their Roles

<table>
<thead>
<tr>
<th>Process Actor</th>
<th>Process Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>PMG</td>
<td>The PMG is responsible for taking all necessary actions to solve the disagreement.</td>
</tr>
<tr>
<td>NECSG</td>
<td>The NECSG is responsible for discussing with T2S Board any disagreement escalated by the PMG and for providing guidance to the PMG. In case of outstanding disagreement after escalation at PMG level, the NECSG takes all necessary steps to reach a consensus at Steering Level.</td>
</tr>
<tr>
<td>T2S Board</td>
<td>The T2S Board is responsible for discussing with NECSG any disagreement escalated by the PMG and for providing guidance to the PMG. In case of outstanding disagreement after escalation at PMG level, the T2S Board coordinates the work at Steering Level to reach a consensus following the process described in Schedule 8, Section 1.3.</td>
</tr>
</tbody>
</table>
7.4.2 High Level Process Description

This Section describes the process to be followed in case of disagreement within the PMG. In case of disagreement within the PMG, the PMG escalates to the Steering Level for guidance on how to mitigate the disagreement. The Steering Level discussed the escalated issue in view of providing guidance to the PMG. The Parties should aim to conducting the process of resolving disagreements within 2 weeks. In case of outstanding disagreement after escalation at PMG level, the T2S Board coordinates the work at Steering Level to reach a consensus following the process described in Schedule 8, Section 1.3, before a potential escalation.
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SCHEDULE 2 – ANNEXES 1-10

The latest version of Schedule 2 Annexes is available here.
CURRENCY PARTICIPATION AGREEMENT

SCHEDULE 3

USER TESTING
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1 Introduction

1.1 Context

A prerequisite for a secure and smooth transfer of settlement activities from the CSDs’ proprietary IT environments to T2S is the thorough testing of T2S in combination with the IT systems of the T2S Actors. According to the T2S Principle 10, “T2S shall be technically capable of settling currencies other than the euro”, so non-euro area NCBs may wish to participate in T2S by making their domestic currency available in T2S for central bank money settlement of securities transactions. In which case, the non-euro area NCBs will need to test T2S with their domestic currency to ensure that the liquidity management functions correspond to the requirements of the non-euro area NCBs.

In this context, the Connected National Central Bank (NCB) and the Eurosystem shall cooperate in good faith for the preparation and execution of all relevant User Testing activities according to the T2S Programme Plan and its milestones.

1.2 Structure of Schedule

The Schedule 3 consists of the following sections and Annexes.

Section 1 is the introduction.

Section 2 defines the scope and the objective of User Testing.

Section 3 presents the general responsibilities of the Eurosystem, the NCBs and the PMG substructure for User Testing.

Section 4 describes the objectives of the User Testing preparation phase and the responsibilities of the Eurosystem and the NCBs during this phase.

Section 5 describes the structure of the testing stages for the User Testing Execution Phase with the respective entry and exit criteria for each testing stage as well as the conditions for transitioning between testing stages.

Section 6 presents the description, objectives and responsibilities for the non-functional testing.

Section 7 presents the business processes required to support the successful completion of User Testing including the stage transition process.

Section 8 presents the post-migration testing.

Annex 1 describes the mapping of the testing activities on the test environments.
2 Scope and Objectives

2.1 Scope

The scope of User Testing comprises functional testing and non-functional testing that the Connected NCB and its Dedicated Cash Account (DCA) Holders perform in view of assessing:

- the ability to connect to T2S (connectivity testing);
- the compliance of T2S with the relevant T2S Services as defined in Schedule 5 (Service Description) and the T2S Scope Defining Set of Documents (NCB Acceptance Tests of the T2S Services);
- the ability to interact properly with T2S (bilateral and multilateral interoperability testing as well as community and business day testing) without negative impact on the T2S Platform or other connected parties (NCB certification and DCA Holdercertification);
- the ability to migrate static and, to the extent required, transactional data from its legacy systems onto T2S (Migration testing, mainly assessed during bilateral interoperability testing and community testing);
- the ability to extract Static Data and Transactional Data from T2S for reverse migration; and
- the readiness of operational procedures for live operations.

Although the functional and non-functional tests that the Eurosystem performs do not fall into the scope of User Testing, evidence provided through these tests may be used on a discretionary basis by NCBs as a means to limit their efforts during User Testing.

2.2 Objectives

The objectives of the User Testing are:

- to provide evidence that the T2S Platform meets the user requirements, as defined by the most recently approved version of the most detailed document of the T2S Scope Defining Set of Documents and Schedule 5 (T2S Service Description);
- to ensure readiness of the Connected NCB and its DCA Holders as well as its CSD for the migration to and operation on the T2S Platform;
- to allow the Connected NCB to verify and ensure its compliance with Legal and
3 General Responsibilities of the Contracting Parties

This section defines the respective responsibilities of the Eurosystem, the Connected NCB, whose currency is available for settlement in T2S, and the PMG substructure for the preparation and execution of all User Testing activities. This Schedule does not define the roles and responsibilities of the CSDs, nor of the DCA Holders, but defines the responsibility both of the Eurosystem to ensure that these T2S Stakeholders fulfil their obligations and of the Connected NCB towards its DCA Holders.

3.1 General responsibilities of the Eurosystem

The following specifies the general responsibilities of the Eurosystem with regard to the preparation and execution and completion of the User Testing activities:

i. The Eurosystem is responsible for coordinating the User Testing activities and communication between the Connected NCB, whose currency is available for settlement in T2S, and its domestic CSD as well as between the Connected NCB and other CSDs participating in the User Testing activities;

ii. The Eurosystem shall ensure that the User Testing of the NCBs does not place restrictions on the CSDs’ testing and that the User Testing of the CSDs does not place restrictions on the NCBs’ testing;

iii. The Eurosystem shall actively take all necessary actions required to facilitate, monitor and support the adequate participation of the Participating CSDs in the testing activities of the Connected NCB, whose currency is available for settlement in T2S, as well as for the adequate participation of the Connected NCB in the testing activities of the Participating CSDs;

iv. The Eurosystem is responsible for preparing and executing the Eurosystem Acceptance Testing (EAT), and for providing regular progress reporting as well as an assessment report confirming the compliance of T2S with the T2S Scope Defining Set of Documents and Schedule 5 (Service DescriptionT2S Service Description); before the start of User Testing.

v. The Eurosystem shall provide the reasonable support for testing activities of the Connected NCB in the different stages of User Testing:
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vi. The Eurosystem shall inform the Connected NCB, in a timely manner, about any developments, which may prevent that NCB or its DCA Holder(s) from completing its/their testing activities; and shall propose identified mitigation measures;

vii. The Eurosystem shall ensure that a PMG substructure is in place, in accordance with the T2S governance framework (section 2.4 of Schedule 8 - Governance), for the planning, coordination and monitoring of the User Testing activities;

viii. The Eurosystem shall reconcile and consolidate the individual status reports of NCBs and CSDs on the progress of their User Testing activities and shall provide a regular status update based on this consolidation to the Connected NCB through the PMG substructure;

ix. The Eurosystem shall investigate and reconcile different test outcomes by different NCBs or DCA Holders for delivering a consolidated list of defects to the PMG substructure;

x. The Eurosystem shall undertake the configuration of test environments for the different testing stages as agreed with the PMG substructure. The Eurosystem will provide the necessary data configurations to ensure the logical segregation of data for the test activities of NCBs;

xi. The Eurosystem is responsible for maintaining configuration parameters and the User Testing Calendar (settlement day calendar, operating hours, cut-off times, etc.) for each test environment as agreed with the PMG substructure for User Testing;

xii. Based on the principles of ITIL V3 Service Operation, the Eurosystem shall establish and operate the necessary IT service management processes that include a defect resolution process to remedy errors;

xiii. The Eurosystem shall operate T2S in accordance with the SLAs for User Testing as defined in Schedule 6 (T2S Service Level Agreement).

3.2 General responsibilities of the Connected NCB

The following specifies the general responsibilities of the Connected NCB for the preparation and execution of the User Testing activities:

i. The Connected NCB is responsible for the communication with its DCA Holders regarding User Testing;
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ii. The Connected NCB is responsible for ensuring the timely completion of all its testing activities and shall report its findings on the execution of its test cases and test scenarios to the Eurosystem on a regular basis;

iii. The Connected NCB is responsible for supporting and monitoring the timely completion of the testing activities of its DCA Holders;

iv. The Connected NCB appoints a single point of contact for all topics related to the User Testing representing the Connected NCB in the PMG substructure;

v. The Connected NCB, independent of its migration wave and even after having completed its own testing, shall support CSDs in their testing of T2S;

vi. The Connected NCB shall inform the Eurosystem, in a timely manner, about any developments, which may prevent that NCB or its DCA Holder(s) from completing its/their testing activities;

vii. The Connected NCB shall provide reasonable support to the Eurosystem by providing information on test outcomes;

viii. The Connected NCB shall participate in the PMG substructure in charge of User Testing as required to ensure the proper functioning of this body and the smooth coordination of the User Testing activities.

3.3 General responsibilities of the PMG Substructure

The PMG substructure shall be composed of the participating CSDs, euro area NCBs, participating non-euro area NCBs, the 4CB and the ECB. The following specifies the general responsibilities of the PMG substructure in the preparation and execution of the User Testing activities for the initial T2S go-live and new software release after T2S go-live of the final migration wave that the substructure shall be responsible for:

i. Meet (physically or via conference call) on a regular basis and on an ad hoc basis when requested by one of the members to prepare, plan, coordinate, monitor and review User Testing activities. The PMG substructure determines the frequency of its meetings based on its needs;

ii. Prepare, update and agree the User Testing Calendar in accordance with the TS Programme Plan;

iii. Decide on changes to the opening / closing times of the testing environments and operational hours in line with the provisions of the SLA;
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150  iv. Review the consolidated User Testing status reports from the Eurosystem on the overall
151  progress of NCBs, CSDs and their respective communities on User Testing;
152  v.  Review the list of incidents;
153  vi. Review the software defects, classify the software defects and agree on the contents of a
154  package for a T2S release on the User Testing environments.
155  vii. In the case that the PMG substructure cannot reach an agreement, it may escalate to the
156  PMG;
157  viii. Prepare communication on the progress of User Testing via the PMG to the Steering
158  Level;
159  ix. Coordinate and monitor the participation of the various T2S Actors (Eurosystem, NCBs, CSDs, DCPs and DCA Holders) during the different stages of testing. At its own discretion, the NCB may coordinate testing activities directly with other T2S Actors when it does not conflict with the agreed approach of the PMG substructure;
160  x. Identify, manage, report and escalate risks and issues related to User Testing according to the ‘Programme Plan Preparation, Adaptation and Assessment Review Process’ in section 7.2 of Schedule 2 (T2S Programme Planning and Monitoring);
161  xi. Request plan changes related to User Testing according to the ‘Programme Plan Preparation, Adaptation and Assessment Review Process’ in section 7.2 of Schedule 2 (T2S Programme Planning and Monitoring);
162  xii. Request adaptations of User Testing items documented in Annexes 4 to 10 of Schedule 2, according to the ‘Adaptation Process for Updated Annexes without affecting the plan’ in section 7.3 of Schedule 2 (T2S Programme Planning and Monitoring);
163  xiii. Take or request decisions on User Testing related topic according to the decision-making process defined section 1.3 of in Schedule 8 (Governance).

174  3.4  General responsibility related to Monitoring Client Readiness

The monitoring and reporting of the progress of an individual NCB with its client relationship manager during User Testing will follow the framework for Monitoring Client Readiness (MCR) as defined in Schedule 2 (T2S Programme Planning and Monitoring).
4 User Testing Preparation Phase

The objective of the User Testing preparation phase is to:

- organise processes and activities required for the User Testing Execution Phase, as defined in Section 7 of this Schedule;

- undertake an initial risk assessment for the User Testing Execution Phase as specified by the Schedule 2 risk management framework to ensure the subsequent proactive risk management by the PMG substructure;

- prepare and design all necessary test documentation and testing processes, e.g. User Testing Calendar, Test Plan, test cases for certification, testdata.

In this preparation phase for User Testing, the Eurosystem with the support of the Connected NCB through its participation in the PMG substructure for User Testing establishes the required process framework and prepares the agreed deliverables for the User Testing Execution Phase.

The responsibilities of the Eurosystem in this phase are:

i. to establish the processes required for the User Testing Execution Phase as defined in Section 7 of this Schedule;

ii. to develop a training programme for T2S and deliver a reasonable amount of training to the Connected NCB;

iii. to provide the Connected NCB with a Test Plan and User Testing Calendar for the Connected NCB to plan its own activities for the User Testing and to inform the Connected NCB, in a timely manner, about any changes made to this plan;

iv. to prepare and provide the prerequisite deliverables for the Connected NCB to prepare its User Testing, e.g. the User Testing Guide, the Registration Guide, the Connectivity Guide, and the Manual of Operational Procedures;

v. to provide to the Connected NCB the sets of Eurosystem Acceptance Testing (EAT) functional test cases and test scenarios for information purposes, as an input for the Connected NCB’s test preparation.

In this preparation phase for User Testing, the responsibilities of the Connected NCB are:

i. to support the Eurosystem in the preparation of the overall Testing Calendar by
providing the Eurosystem with its proposed Test Plan and User Testing Calendar of its activities.

ii. to comply with the processes for User Testing, as defined in Section 7 of this Schedule.
5  User Testing Execution Phase

This section describes the structure of the testing stages for User Testing Execution Phase with the respective entry and exit criteria for each testing stage as well as the conditions for transitioning between testing stages.

5.1  Testing Stage Organisation

The User Testing Execution Phase consists of both independent and sequenced testing stages. The purpose of the different testing stages is to increase gradually the number of T2S Actors involved and expand the scope of the testing.
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5.2 Connectivity Testing Stage

5.2.1 Description
Establishing the technical connectivity to a test environment is the first stage of User Testing. This is required for each environment that the Connected NCB uses for testing, however the connectivity testing stage is the initial verification that the systems of both the Connected NCB and the Eurosystem can communicate successfully on the technical and application level. The Connected NCB shall repeat these tests for each connectivity channel it intends to use while the connection to further T2S test environments might have a reduced connectivity test scope.

Directly connected DCA Holders will need to perform connectivity testing before they can start DCA Holder Certification Testing. Such connectivity testing has to take place before the start of community testing in compliance with the planning outlined in CPA Schedule 2.

The scope of connectivity testing consists of:

- testing the ability to reach the welcome pages of the U2A interface and performing the login to the system;
- exchange of messages on application level (not relevant for directly connected DCA Holders with U2A connection);
- push-and-pull services for reports (not relevant for directly connected DCA Holders with U2A connection).

When the Connected NCB has opted for the Dedicated Link Connection, the testing shall also cover the testing of the technical communication protocol (DEP).

5.2.2 Responsibilities
The following set of responsibilities shall apply for the connectivity testing stage:

i. The Eurosystem shall support the connectivity testing of the Connected NCB and the DCA Holders.

ii. The Connected NCB shall acquire T2S specific network connectivity services and ensure the timely readiness of its connection to the relevant T2S environment(s).

iii. The Connected NCB together with the Eurosystem will evaluate the test results at the end of the connectivity testing stage to assess the fulfilment of the exit criteria for this testing stage.
5.2.3 Entry Criteria

The following conditions shall apply for the start of the connectivity testing stage:

- The Eurosystem has confirmed the successful achievement of synchronisation point 4 – Network Providers Confirmed.
- The Eurosystem has confirmed the successful achievement of synchronisation point 7 – Start Connectivity Testing.
- The Connected NCB has completed the preparation to setup the network connection for the user test environments, according to the T2S Connectivity Guide.
- The Connected NCB has confirmed the adaptation of its IT system according to the T2S specifications and documentation.

5.2.4 Exit Criteria

The following conditions shall apply for the successful conclusion of the connectivity testing stage:

- The Connected NCB confirms to the Eurosystem that its IT platform can successfully exchange message-based communication and receive pushed messages on application level with T2S.
- The Connected NCB confirms the correct setup of communication parameters and security features with its Network Service Provider(s) in order to communicate with the T2S test environment(s).

5.3 NCBs’ Acceptance Testing Stage

5.3.1 Description

The NCBs’ acceptance testing stage is of up to 6 months within the User Testing Execution Phase reserved for NCBs to confirm that based on its testing the relevant T2S Services comply with Schedule 5 (T2S Service Description) and the T2S Scope Defining Set of Documents, i.e. services related to cash accounts, liquidity management and auto-collateralisation. Independently from its migration wave, the Connected NCB may start its acceptance testing when the Eurosystem confirms its successful achievement of synchronisation point 8 – Start Bilateral Interoperability Testing.
The NCBs’ Acceptance Tests of the T2S Services\textsuperscript{1} are bilateral between the Eurosystem and the Connected NCB. The acceptance of one NCB does not prejudge the agreement by other NCBs. Executing this testing stage is optional. The Connected NCB may rely on its test results from its bilateral and multilateral interoperability testing as well as those from its NCB certification testing. Article 13 of the core Agreement defines NCBs’ Acceptance Tests further.

In order for the Connected NCB to obtain evidence that T2S fulfils the non-functional user requirements, the Eurosystem will prepare and execute non-functional tests based on test cases that will be shared with the Connected NCB for a consultation, within a specified time frame, before the start of non-functional testing by the Eurosystem. The Eurosystem will deliver a test report with the results of the test execution according to the defined scope of the non-functional tests.

5.3.2 Responsibilities

The following set of responsibilities shall apply for the NCBs’ acceptance testing stage:

i. In the context of the framework set out in Schedule 2 (T2S Programme Planning and Monitoring) on the monitoring of client readiness, the Eurosystem and the Connected NCB shall have regular contact to review the progress of the NCBs’ acceptance testing stage;

ii. The Connected NCB has the obligation to provide regular reporting on the results of its tests in the form of status reports to the Eurosystem. The report shall cover at minimum the number of test cases and test scenarios successfully executed and failed (cases of non-compliance) with the Connected NCB’s assessment of the criticality of identified defects and corresponding measures to compensate for potential delays, when required;

iii. The Connected NCB has the obligation to provide evidence, if it intends not to accept T2S because of failed test cases, that the respective test cases comply with the T2S Scope Defining Set of Documents and Schedule 5 (T2S Service Description).

\textsuperscript{1} The term “NCBs’ Acceptance Tests of the T2S Services” does not indicate that the T2S Services imply any element of a contract for work under German law. Chapter 2 of this Agreement defines the rights and obligations of the Parties that describe the T2S Services.
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iv. Based on the bilateral status reporting from the Connected NCB, the Eurosystem shall monitor the testing. The Eurosystem shall share information about the progress and results of the NCBs’ Acceptance Tests of the T2S Services with the NCBs via the PMG substructure on a consolidated basis.

v. The Connected NCB together with the Eurosystem will evaluate the test results at the end of the NCBs’ acceptance testing stage to assess the fulfilment of the exit criteria for this testing stage.

5.3.3 Entry Criteria
The following condition shall apply for the start of the NCBs’ acceptance testing stage:

- The Eurosystem has confirmed the successful achievement of synchronisation point 8 – Start Bilateral Interoperability Testing.

5.3.4 Exit Criteria
The following conditions shall apply for the end of the NCBs’ acceptance testing stage:

- The criterion for an NCB to exit the NCBs’ acceptance testing stage shall be its declaration that evidence from testing (whereby the Connected NCB may rely on its test results from its bilateral and multilateral interoperability testing as well as those from its NCB certification testing) suggests that the relevant T2S services comply with Schedule 5 (T2S Service Description) and the T2S Scope Defining Set of Documents.

5.4 Bilateral Interoperability Testing Stage

5.4.1 Description
In the bilateral interoperability testing stage, the Connected NCB tests T2S to ensure the readiness of its adapted IT System to interoperate with T2S and verifies that all relevant T2S Services (e.g. liquidity management, migration procedures) in T2S are working as required. It undertakes its testing without interacting with Participating CSDs. T2S ensures the segregation of the testing activities of the Connected NCB from CSDs’ test activities on T2S by creating a set of fictitious CSDs with which the Connected NCB can interoperate. The objective of this testing stage is to ensure that the NCBs’ adapted IT System can interoperate with T2S properly before testing with other T2S Actors. An NCB can continue performing bilateral testing even when it undertakes multilateral testing.
5.4.2 Responsibilities

The following set of responsibilities shall apply for the bilateral interoperability testing stage:

i. The Eurosystem shall establish the operational procedures and service management required to support the bilateral interoperability testing stage;

ii. The Connected NCB is responsible for organising its bilateral interoperability testing stage in line with the Test Plan and User Testing Calendar;

iii. The PMG substructure shall be responsible for monitoring the bilateral interoperability testing stage;

iv. The Connected NCB shall test the migration processes (loading Static Data, loading Transactional Data, migration weekend rehearsals, reverse migration, etc.);

v. The Connected NCB together with the Eurosystem will evaluate the test results at the end of the bilateral interoperability testing stage to assess the fulfilment of the exit criteria for this testing stage.

5.4.3 Entry Criteria

The following conditions shall apply for the start of the bilateral interoperability testing stage:

- The Connected NCB has completed the connectivity testing stage successfully;
- The Eurosystem has provided the EAT Assessment Report four weeks before synchronisation point 8 – Start Bilateral Interoperability Testing, covering the full scope of Eurosystem Acceptance Testing and confirming that the Eurosystem considers T2S being ready for start of User Testing;
- The Eurosystem has resolved all reported defects classified with critical severity, identified during EAT. Except otherwise agreed between the Parties, the Eurosystem has resolved all recorded defects classified with high severity;
- For the pending errors from the EAT, the Eurosystem has provided a timetable for implementation of software corrections and for regression testing of those corrections for those test cases that failed because of defects in T2S that are not critical;
- The Eurosystem has confirmed the successful achievement of synchronisation point 8 – Start Bilateral Interoperability Testing for the specific migration wave;
- The Eurosystem has delivered to the Connected NCB preliminary evidence that the
future T2S production environment will meet the non-functional requirements based on
the results of the T2S non-functional tests. The Eurosystem executes these tests in the
future T2S production environment;

- The Eurosystem has confirmed its operational readiness to support the Connected NCB;
- The Connected NCB has confirmed its readiness to start User Testing;
- The Eurosystem and the Connected NCB have confirmed completion of the training
  required to ensure the smooth start of testing activities;
- The Eurosystem has provided the documentation required for migration testing and
  migration dress rehearsals.

5.4.4 Exit Criteria

The following condition shall apply for the end of the bilateral interoperability testing stage:

- The Eurosystem has certified the Connected NCB according to the requirements in
  Section 5.4.5 of this Schedule.
5.4.5 NCB Certification

5.4.5.1 Description

The NCB certification, conducted during the User Testing Execution Phase, aims at providing evidence by the Connected NCB that its adapted IT platform does not harm T2S as the result of inappropriate technical communication or procedures. It runs in parallel to the bilateral interoperability testing stage. The Connected NCB’s participation in the NCB certification testing is mandatory. Certification shall require the Connected NCB to execute a mandatory set of reasonable tests, agreed through the PMG substructure during the User Testing preparation phase. The Eurosystem will exempt the Connected NCB from performing mandatory test cases that are not in the scope of the Connected NCB’s intended usage of T2S. The Connected NCB may rely on its test results from its bilateral testing to document its completion of a mandatory certification test case.

NCB certification is bilateral between the Eurosystem and the Connected NCB. The Eurosystem shall provide written confirmation to the Connected NCB after determining whether the Connected NCB has successfully completed its assigned set of mandatory certification test cases, based on a formal report from the Connected NCB in which the Connected NCB shall document its fulfilment of the predefined NCB certification testing exit criteria.

The Eurosystem shall retain as evidence for proper certification the Connected NCB’s formal report as well as the Connected NCB’s progress reports on its certification testing and reporting on the level of the test cases and test scenarios.

The certification of the Connected NCB shall remain valid until:

- the Eurosystem deploys a major release with a significant scope change in the A2A interface or major structural changes to the processing model and/or data model; or
- the Connected NCB has made major changes to its interface processing for T2S.

\[Only for NCB certification there will be mandatory test cases.\]
In the first case, the Eurosystem shall recommend to the Steering Level whether the new release requires a re-certification of the NCBs and CSDs, based on the scope of the changes that the Change Review Group (CRG) has approved for the new T2S release. In the latter case, the Connected NCB shall assess the scope of the changes and shall decide whether it must undertake a re-certification.

5.4.5.2 Responsibilities

The following set of responsibilities shall apply for the NCB certification testing:

i. The Eurosystem shall deliver for review to the Connected NCB through the PMG substructure the test scenarios and test cases that the Connected NCB has to execute successfully to achieve its certification;

ii. The Eurosystem shall consult the PMG substructure on the test cases and test scenarios for NCB certification to ensure and agree the proper scope coverage;

iii. In the context of the framework set out in Schedule 2 on the monitoring of client readiness, the Eurosystem and the Connected NCB shall have regular contact to review the progress of the NCB’s certification testing;

iv. The Connected NCB shall execute the mandatory test cases and test scenarios for certification within the period foreseen in the T2S Programme Plan for the migration wave in which it is participating;

v. The Connected NCB has the obligation to provide regular reporting on the results of its certification tests in the form of status reports to the Eurosystem, documenting its progress with, at minimum, the number of test cases and test scenarios successfully executed and failed;

vi. Based on the bilateral status reporting from the Connected NCB, the Eurosystem shall monitor the certification testing. The Eurosystem shall share information about the progress of and results of the NCB Certification with the NCBs via the PMG substructure on a consolidation basis;

vii. Based on a formal report from the Connected NCB, the Eurosystem will evaluate the results of the NCB’s certification testing to assess whether the Connected NCB executed the certification tests completely and successfully, and such assessment shall not be unreasonably withheld;
viii. The Eurosystem will issue the NCB Certificate for the Connected NCB when the
Eurosystem assesses that the Connected NCB has executed the certification test cases completely and successfully.

5.4.5.3 Entry Criteria

The following conditions shall apply for the start of the NCB certification:

- The Connected NCB has completed the connectivity testing stages successfully;
- As specified in the T2S Programme Plan, the Eurosystem has delivered to the Connected NCB its test scenarios and test cases that the Connected NCB is to execute for its certification;
- The PMG substructure has assessed the test cases and test scenarios for NCB Certification to ensure proper scope coverage.

5.4.5.4 Exit Criteria

The following conditions shall apply for the successful conclusion of the NCB certification:

- The Connected NCB has provided evidence of its successful completion of the mandatory certification test cases and test scenarios;
- The Eurosystem has confirmed in writing to the Connected NCB that the Connected NCB has successfully completed all tests required for certification.

5.5 Multilateral Interoperability Testing Stage

5.5.1 Description

In the multilateral interoperability testing stage, the Connected NCB tests with other Participating CSDs and Central Banks of its migration wave and of previous migration waves. In this stage, the Connected NCB also begins the set-up and testing of configuration data and parameters for the intended production set-up (e.g. message subscriptions, liquidity transfers).

5.5.2 Responsibilities

The following set of responsibilities shall apply for the multilateral interoperability testing stage:

i. The PMG substructure shall be responsible for the planning and coordination of the multilateral interoperability testing stage;
ii. The Connected NCB shall support Participating CSDs of its own migration wave and of subsequent migration waves when it supports cash accounts of customers of those Participating CSDs;

iii. The PMG substructure will evaluate the test results at the end of the multilateral interoperability testing stage to assess the fulfilment of the exit criteria for this testing stage.

5.5.3 Entry Criteria

The following conditions shall apply for the start of the multilateral interoperability testing stage:

- The Connected NCB has obtained its certification in order to start multilateral interoperability testing;
- The PMG substructure has assessed the User Testing Stage Report detailing the severity of all defects reported during the multilateral interoperability testing stage and not yet resolved.

5.5.4 Exit Criteria

The following conditions shall apply for the end of the multilateral interoperability testing stage:

- The PMG substructure determines that the Connected NCBs of a migration wave have successfully completed multilateral interoperability testing;
- No critical software bugs or operational issues remain open. The Eurosystem has resolved all reported defects classified with critical severity. Except the Parties agree otherwise, the Eurosystem has resolved all recorded defects, classified with high severity;
- The PMG substructure has agreed a timetable for implementation of software corrections and for regression testing of those corrections for those test cases that failed because of non-critical defects in T2S.
5.6 Community Testing Stage

5.6.1 Description
The community testing stage is the stage in which the Connected NCB of a migration wave extends its multilateral testing activities with other relevant T2S Actors to its DCA Holders. The main objective of this stage is to validate that the Connected NCB’s DCA Holders can interact correctly end-to-end with T2S, either through the Connected NCB’s adapted systems or with T2S directly as a directly connected DCA Holder.

During the testing stage NCBs and their DCA Holders verify the correct functioning of T2S using the target data configuration as configured for the target production environment. The expectation is that processing errors will stem mainly from incorrect data configurations, allowing the Participating NCB to identify and correct such incorrect configurations and from DCA Holders’ testing of their interface to T2S. This stage represents the first opportunity of the Connected NCB’s DCA Holders to test with T2S, allowing the NCB’s DCA Holders to verify that their system interoperate correctly with T2S.

The community testing stage allows the Connected NCB and its DCA Holders to familiarise themselves with operational procedures and service management relevant to this stage to ensure that the operational procedures as described in the Manual of Operational Procedures (MOP).

5.6.2 Responsibilities
The following set of responsibilities shall apply for the community testing stage:

i. The Connected NCB shall test the migration process (loading Static Data, loading Transactional Data, migration weekend rehearsals, reverse migration, etc.) together with its DCA Holders;

ii. The Connected NCB shall involve its DCA Holders and other relevant T2S Stakeholders in the testing activities in order to validate the end-to-end business processes supported by T2S;

iii. The Connected NCB together with the Eurosystem will evaluate the test results at the end of the community testing stage to assess the fulfilment of the exit criteria for this testing stage.

5.6.3 Entry Criteria
The following conditions shall apply for the start of the community testing stage:
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- The Connected NCB has exited the NCBs’ acceptance testing and the multilateral interoperability testing stage successfully and declared its operational readiness for community testing;

- The Eurosystem has confirmed the readiness of its operational teams;

- The Eurosystem has confirmed the readiness of the Participating CSD(s) of the Connected NCB and of the CSD participants in the tests;

- The PMG substructure confirms the successful completion of multilateral interoperability testing stage and that the community testing stage can start.

5.6.4 Exit Criteria

The following conditions shall apply for the successful conclusion of the community testing stage:

- The PMG substructure determines that the Connected NCB, together with its DCA Holders and the relevant CSD(s) have successfully executed the migration rehearsals and business days;

- No critical software bugs or operational issues remain open that constitute a significant risk to the go-live of the migration wave. The Eurosystem has resolved all reported defects classified with critical severity. Except where otherwise agreed between the Parties, the Eurosystem has resolved all recorded defects classified with high severity except when otherwise agreed between the Parties;

- The PMG substructure has agreed a timetable for implementation of software corrections and for regression testing of those corrections for those test cases that failed because of defects in T2S that are not critical;

- The DCA Holder(s) of the Connected NCB has/have successfully completed all tests related to its/their DCA Holder certification which make it/them eligible to participate in the next stage;

- The relevant operational and the incident management procedures of the Connected NCB and its DCA Holders have been carried out successfully;

- The NCBs and CSD(s) (of the NCBs) of the respective migration wave confirm their readiness to progress to the business day testing stage.
5.6.5 DCA Holder Certification

5.6.5.1 Description

The DCA Holder Certification aims at providing evidence by those DCA Holders which the Connected NCB has authorised to connect to T2S with an A2A connection and by those DCA Holders which the Connected NCB has authorised to connect to T2S with a U2A connection that its adapted IT platform does not harm T2S as the result of inappropriate technical communication or procedures. DCA Holders could be given both U2A and A2A access. DCA Holder Certification does not verify the compliance with either the Connected NCB’s adaptation to T2S nor with the Connected NCB’s business processing requirements. Thus, user certification is necessary but not sufficient prerequisite for a DCA Holder to use an NCB’s DCA in T2S. When conducted during the User Testing Execution Phase, it runs in parallel to the community testing stage for those participants of the Connected NCB that request to connect directly to T2S. Participants of the Connected NCB also have the option to undertake their DCA Holder Certification at any time after the Connected NCB is operating on T2S. The DCA Holder certification of an NCB’s DCA Holder shall be valid for all Connected NCBs from which it has authorisation to connect directly to T2S. DCA Holder certification requires connectivity testing before the DCA Holder starts its certification testing. DCA Holder certification is mandatory for any DCA Holder of the Connected NCB that chooses to connect its IT systems directly to T2S. DCA Holder certification shall require the DCA Holder of the Connected NCB to execute a mandatory set of tests, agreed through the PMG substructure during the User Testing Preparation Phase. When the Connected NCB allows its participants to connect directly to T2S and the DCA Holder of the Connected NCB chooses to connect directly to T2S, the Connected NCB shall allow the Eurosystem to undertake the certification process directly with the DCA Holder of the Connected NCB.

A DCA Holder of the Connected NCB has to certify itself once with the Eurosystem to connect directly to T2S. When the Connected NCB allows its participants to connect directly to T2S, the Connected NCB has the obligation to accept the certification of its DCA Holder even when the DCA Holder of the Connected NCB has certified itself with the Eurosystem through another Connected NCB.

The DCA Holder certification of the Connected NCB’s DCA Holder shall remain valid until the Eurosystem deploys a major release with a significant scope change in the A2A/U2A interface or major structural changes to the processing model and/or data model. The Eurosystem shall recommend to the Steering Level whether the new release requires a recertification of the DCA Holders, based on the scope of changes that the Change Review Group (CRG) has approved for the new T2S release.
5.6.5.2 Responsibilities

The following set of responsibilities shall apply for the DCA Holder certification testing:

i. The Eurosystem shall deliver for review to the Connected NCB through the PMG substructure the test scenarios and test cases that a Connected NCB’s DCA Holder has to execute successfully to achieve its DCA Holder certification;

ii. The Eurosystem shall consult the PMG substructure on the test cases and test scenarios for DCA Holder certification to ensure and agree the proper scope coverage;

iii. The Eurosystem shall undertake the DCA Holder certification process and shall monitor the DCA Holder certification testing. The NCB will during this process act as a connecting link between its DCA Holders and the Eurosystem. The Eurosystem shall share information about the progress and results of the DCA Holder certification with the NCBs via the PMG substructure on a consolidated basis. The Eurosystem shall upon request provide (NCB) with the results of such the DCA holder certification process for (NCB’s) DCA Holders;

iv. The Eurosystem shall provide written confirmation to Connected NCB and to its DCA Holder after determining whether the DCA Holder has successfully completed its assigned set of mandatory certification test cases;

v. The Eurosystem shall retain as evidence for proper DCA Holder certification the documentation of the DCA Holder’s certification testing and reporting on the level of the test cases and test scenarios;

vi. In good time before the period foreseen in Schedule 2 for the migration wave in which it is participating, the (NCB) shall provide the Eurosystem with the necessary information about those DCA Holders which have been authorised to connect to T2S with an A2A connection and those which have been authorised to connect to T2S via a U2A connection.

5.6.5.3 Entry Criteria

The following conditions shall apply for the start of the DCA Holder certification:

- The Connected NCB has fulfilled the exit criteria for the NCBs’ acceptance testing stage.
- The Connected NCB and the Eurosystem have fulfilled the exit criteria for the NCB certification testing;
The Connected NCB has authorised its respective DCA Holder to connect directly to T2S.

5.6.5.4 Exit Criteria

DCA Holder certification has no exit criteria. However, DCA Holder certification is the prerequisite for the Connected NCB’s DCA Holder to take part in community testing of the Connected NCB as a DCA Holder.

5.7 Business Day Testing Stage

5.7.1 Description

The business day testing stage comprises the simulation of several consecutive business days of T2S operation after completing a migration rehearsal for the respective migration wave using the expected production data set-up. It includes all NCBs and their DCA Holders as well as the CSDs of a migration wave and their respective communities. NCBs, CSDs and their communities from previous migration waves participate when deemed necessary, e.g. when links exist.

The objective of the business day testing stage is to verify the correct functioning of T2S under production-like conditions using the target data configuration as expected in the production environment. In this stage of testing, the expectation is that processing errors will stem mainly from incorrectly migrated data (e.g. incorrect positions or missing ISINs) or incorrect configuration (e.g. cross-CSD settlement parameters). This stage enables the T2S Actors, such as the CSDs and their communities, to identify such errors using real business data.

The business day testing stage includes operational procedures and service management to ensure that the operational procedures as described in the Manual of Operational Procedures (MOP) are working as expected.

5.7.2 Responsibilities

The following set of responsibilities shall apply for the business day testing stage:

i. The Eurosystem shall establish the operational procedures and service management required to support the business day testing stage;

ii. The Connected NCB shall test the migration process (loading Static Data, loading Transactional Data, migration weekend rehearsals, reverse migration, etc.) together with its DCA Holders;
iii. The Connected NCB shall involve its DCA Holders and other relevant T2S Stakeholders in the testing activities in order to validate the end-to-end business day processes supported by T2S;

iv. The Connected NCB together with the Eurosystem will evaluate the test results at the end of the business day testing stage to assess the fulfilment of the exit criteria for this testing stage.

5.7.3 Entry criteria

The following conditions shall apply for the start of the business day testing stage:

- The Connected NCB has fulfilled the exit criteria for the community testing stage;
- The PMG substructure confirms that the NCBs and their CSD(s) participating in the respective migration wave have fulfilled the exit criteria for community testing.

5.7.4 Exit criteria

The following conditions shall apply for the successful conclusion of the business day testing stage:

- The PMG substructure determines that the NCBs of a migration wave, together with their DCA Holders and the relevant CSDs have successfully executed the migration rehearsals and business days;
- No critical software bugs or operational issues remain open that constitute a significant risk to the go-live of the migration wave. The Eurosystem has resolved all reported defects classified with critical severity. Except otherwise agreed between the Parties, the Eurosystem has resolved all recorded defects classified with high severity;
- The PMG substructure has agreed a timetable for implementation of software corrections and for regression testing of those corrections for those test cases that failed because of non-critical defects in T2S;
- No client systems have become inoperable due to unexpected communication received from the T2S Platform for at least 15 working days prior to the agreed business day testing stage exit date;
- The Eurosystem confirms that testing of operational procedures has been successful;
- The PMG substructure confirms that appropriate fallback arrangements and rollback
procedures are established and successfully tested for the Migration;

- The NCBs and CSDs (of the NCBs) of the respective migration wave confirm their readiness to go-live on T2S.
6  Non-functional tests

This section describes the non-functional tests carried out by the Eurosystem in order to confirm non-functional compliance of T2S as well as the non-functional volume tests carried out by the NCBs.

6.1 Description

The non-functional tests aim to check the proper functioning of T2S and are composed of the following tests as defined in the General Technical Design document:

- performance and stress tests;
- business continuity tests;
- security tests.

In principal, the Eurosystem will perform the non-functional tests, involvement of NCBs varies depending on the different types of non-functional test. Prior to the execution, the Eurosystem will provide for a quick consultation these tests to the NCB. After the test execution, the Eurosystem will deliver a test report with results of those tests. Moreover, the Connected NCB will have the opportunity to execute non-functional tests from an end-to-end perspective and respecting the sizing of the related test environments (see also section 6.5 Performance Tests by NCBs).

6.2 Objectives and responsibilities of performance and stress tests

The main objective of the performance and stress tests is to check that the T2S production environment is able to handle the estimated volume of transactions in the peak hour in terms of the number of settlements and a certain number of concurrent interactive users in compliance with a defined response time.

The test plan for the performance and stress tests includes a global system test aimed to measure throughput, response time and resource consumption of the whole system (infrastructure and applications) and volume tests conducted on specific parts of the system in order to optimise the behaviour of these T2S components.

During the performance and stress tests, different test cases shall be performed aiming to simulate the expected daily workload profiles for User-to-Application mode (U2A) and Application-to-Application (A2A) interactions on the available interfaces by using simulators and/or with the collaboration of the Connected NCB.

The test plan for the performance and stress tests shall follow a gradual approach to verify, in
698 sequence, that all infrastructure components and services are properly sized to handle the defined 699 peak workload of settlements and the T2S application is able to satisfy the defined performance 700 requirements.
701 The performance and stress tests shall be performed by the Eurosystem. The T2S Actors shall be 702 invited as observers to the performance and stress tests and the results of these tests shall be 703 delivered to the Connected NCB.

6.3 Objectives and responsibilities of Business Continuity tests
704 The main objective of the business continuity tests is to verify the ability of T2S to guarantee the 705 continuity of business services in case of local component failure or regional disaster event. The 706 business continuity tests shall demonstrate that T2S is sufficiently resilient to meet the agreed 707 service levels, even in case of severe incidents. The tests include intra-region and inter-region 708 failover tests to guarantee that the production environment(s) can be switched to another side or 709 region in a failover situation.
710 The business continuity tests shall be performed before the go-live and on a regular basis after the 711 go-live.
712 The test plan for the business continuity tests shall include a comprehensive list of test cases 713 including:
714  
715  ▪ fault tolerance (i.e. resiliency of singlecomponent);
716  ▪ intra-region recovery;
717  ▪ inter-region recovery (only regions 1 and 2).

718 In addition, tests shall be performed to validate the rotation between region 1 and region 2 that is 719 closely linked to the disaster recovery test in terms of organisation and operational procedures.
720 The business continuity tests shall be performed by the Eurosystem. The T2S actors shall be 721 invited as observers to the business continuity tests and the results of these tests shall be delivered 722 to the Connected NCB.

6.4 Objectives and responsibilities of Security Tests
723 The main objectives of the security tests are to verify the compliance of the T2S platform with 724 the T2S security requirements. Security tests include:
725  
726  ▪ Vulnerability assessment;
727  ▪ Configuration analysis;
728  ▪ Penetration tests.
The Eurosystem shall perform these security tests, which it shall provide to the Connected NCB.

6.5 Performance Tests by NCBs

Performance tests are typical non-functional tests that an NCB or DCA Holder may want to perform. Depending on the intended volumes, such tests shall require central coordination and prior approval.

In case the Connected NCB or its DCA Holder(s) intends to exceed the pre-defined hourly volume limits, the Connected NCB shall send a request for additional processing capacity for specific performance tests to the Eurosystem at least 5 working days in advance. The request should contain the expected volumes to be tested and the duration of the test. The Eurosystem will verify whether it can fulfil the request and shall inform the Connected NCB or its DCA Holder accordingly. If the Eurosystem cannot fulfil the request as specified, the Eurosystem shall propose alternative options in terms of dates, times and/or volumes. In case of conflicting requests, the Eurosystem shall consult the PMG substructure.
7 User Testing Business processes

This section presents the core business processes that the Eurosystem and Connected NCBs shall comply with for User Testing. The business process description uses a simplified version of the Business Process Modelling Notation (BPMN) 2.0, as specified in Section 7.1 of Schedule 2 (T2S Programme Planning and Monitoring).
7.1 User Testing Stage Transition Monitoring Process

User Testing Stage Transition Monitoring Process (T2S.UT.S3.000)

Diagram of the User Testing Stage Transition Monitoring Process, showing decision points and actions for Eurosystem, MCR, and CSD/NCB.
# Process Actors and their Roles

<table>
<thead>
<tr>
<th>Process Actor</th>
<th>Process Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSD / NCB</td>
<td>In this process, the CSD / NCB is responsible for:</td>
</tr>
<tr>
<td></td>
<td>- Providing a sufficient level of documentation to the Eurosystem to allow the Eurosystem to assess the Connected NCB’s progress for a testing stage;</td>
</tr>
<tr>
<td></td>
<td>- Assessing its fulfilment of the entry and exit criteria for a testing stage;</td>
</tr>
<tr>
<td></td>
<td>- Identifying assessing the feasibility of proposed correction actions, when required; and</td>
</tr>
<tr>
<td></td>
<td>- Discussing the feasibility of the proposed corrective actions with the Eurosystem.</td>
</tr>
<tr>
<td>Eurosystem</td>
<td>In this process, the Eurosystem is responsible for:</td>
</tr>
<tr>
<td></td>
<td>- Providing a sufficient level of documentation to the Connected NCB to allow the Connected NCB to assess the Eurosystem’s fulfilment of the entry / exit criteria for a testing stage;</td>
</tr>
<tr>
<td></td>
<td>- Assessing its fulfilment of the entry and exit criteria for a testing stage;</td>
</tr>
<tr>
<td></td>
<td>- Identifying assessing the feasibility of proposed correction actions, when required; and</td>
</tr>
<tr>
<td></td>
<td>- Discussing the feasibility of the proposed corrective actions with the Connected NCB.</td>
</tr>
<tr>
<td>Monitoring of Client Readiness (MCR)</td>
<td>In this process, the MCR:</td>
</tr>
<tr>
<td></td>
<td>- Monitors the Connected NCB’s progress in order to determine whether it has fulfilled the entry or exit criteria for a testing stage; and</td>
</tr>
<tr>
<td></td>
<td>- Discusses and decides on the feasibility of proposed corrective actions; and</td>
</tr>
<tr>
<td></td>
<td>- Provide guidance to the PMG substructure when required in the case of multilateral escalation.</td>
</tr>
</tbody>
</table>
7.1.2 Process Description

The objective of the User Testing stage transition monitoring process is to ensure bilateral communication between the Eurosystem and the Connected NCB on the progress of the Connected NCB’s User Testing:

- to ensure adequate coordination of the User Testing activities;
- to enable proactive monitoring of the NCB’s fulfilment of the exit and/or entry criteria for User Testing stages; and
- to allow for an early identification of issues and corrective measures for their resolution.

Both the Connected NCB and the Eurosystem provide progress updates for assessing the progress for the current stage of User Testing. The Eurosystem progress update includes any general testing risks and issues encountered that may affect the NCB’s timely completion of User Testing stage. The Connected NCB reports on its progress against its test plan and reports any risks and issues that may affect its timely completion of the testing stage. When the progress update is shortly before the stage transition, then the Eurosystem uses the progress update as input for User Testing stage transition assessment.

When there is sufficient time remaining before the User Testing stage transition assessment, the Connected NCB and the Eurosystem assess the need for corrective actions to resolve any identified issues and mitigate any identified risks. Both the Connected NCB and the Eurosystem determine whether the implementation of the corrective measures is feasible and undertake their respective actions. If there is disagreement of the corrective actions, then the Connected NCB, the Eurosystem or both can initiate the escalation process.
7.2 User Testing Stage Transition Assessment Process

User Testing Stage Transition Assessment Process (T2S.UT.S3.020)

PMG

PMG Substructure

Eurosystem

MCR

CSD/ICSB

Disagreement Resolution Process (T2S.PTO.RNF.040)

Review Testing Stage Report and Transition Recommendation

Agreement?

Yes: Go to next Stage

No

Review Testing Stage Report and Transition Recommendation

Agreement?

Yes: Go to next Stage

No

Deliver Exit [Entry] Documentation

Prepare User Testing Stage Report and Transition Recommendation

Send User Testing Stage Report

Assess full meet of Entry/Exit Criteria

Is Bilateral Stage?

Yes

Review Testing Stage Report and Transition Recommendation

Agreement?

Yes: Go to next Stage

No

Bilateral Escalation Process (T2S.UT.S3.010)

Deliver Exit [Entry] Documentation

29 December 2011
## 7.2.1 Process Actors and their Roles

<table>
<thead>
<tr>
<th>Process Actor</th>
<th>Process Role</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CSD / NCB</strong></td>
<td>In this process, the Connected NCB is responsible for:</td>
</tr>
<tr>
<td></td>
<td>- Providing a sufficient level of documentation to the Eurosystem to allow the Eurosystem to assess the Connected NCB’s fulfilment of the entry and exit criteria for a testing stage;</td>
</tr>
<tr>
<td></td>
<td>- Carrying out an assessment of its own fulfilment of the entry and exit criteria for a testing stage;</td>
</tr>
<tr>
<td></td>
<td>- Assessing the proposed correction actions from the bilateral escalation process.</td>
</tr>
<tr>
<td><strong>Eurosystem</strong></td>
<td>In this process, the Eurosystem is responsible for:</td>
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<tr>
<td></td>
<td>- Delivering the documentation to the Connected NCB to allow the Connected NCB to assess the Eurosystem’s fulfilment of the entry / exit criteria for a testing stage;</td>
</tr>
<tr>
<td></td>
<td>- Carrying out an assessment of the its own fulfilment of the entry or exit criteria for a testing stage;</td>
</tr>
<tr>
<td></td>
<td>- Assessing the proposed corrective actions; and</td>
</tr>
<tr>
<td></td>
<td>- Drafting, agreeing and finalising the User Testing stage transition assessment report.</td>
</tr>
<tr>
<td><strong>Monitoring of Client Readiness (MCR)</strong></td>
<td>In this process, the MCR has the obligation to:</td>
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<tr>
<td></td>
<td>- Monitor the Connected NCB’s progress in order to determine whether it has fulfilled the entry or exit criteria for a testing stage;</td>
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<tr>
<td></td>
<td>- Propose and discuss corrective actions in case of non fulfilment of either the exit or entry criteria for a User Testing Stage; and</td>
</tr>
<tr>
<td></td>
<td>- Provide guidance to the PMG substructure when required in the case of multilateral escalation.</td>
</tr>
<tr>
<td><strong>PMG Substructure</strong></td>
<td>In this process, the PMG substructure is responsible for:</td>
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<td></td>
<td>- Discussing the stage transition assessment report and any recommendations;</td>
</tr>
<tr>
<td></td>
<td>- Providing the final decision during PMG substructure sessions to go forward to the next stage or into multilateral escalation in case of disagreement.</td>
</tr>
<tr>
<td><strong>Project Managers Group (PMG)</strong></td>
<td>In this process, the PMG is responsible for resolving any potential disagreement on the decision to go forward to the next stage or to initiate the disagreement resolution process.</td>
</tr>
</tbody>
</table>
7.2.2 Process Description

The assessment process for User Testing stage transition defines the steps in assessing and reporting on whether the Eurosystem, CSDs and NCBs are prepared to transition jointly from one stage of User Testing to the next based on the exit criteria of the current stage and/or the entry criteria of the next stage.

The Eurosystem provides to the Connected NCB the templates based on which the Connected NCB assesses its fulfilment of the exit criteria of the current stage of User Testing or/and the entry criteria for the next stage of User Testing. The Connected NCB assesses its fulfilment of the exit and/or entry criteria for User Testing stages. The Connected NCB and the Eurosystem jointly review this assessment as part of the monitoring of client readiness to determine whether the Connected NCB has fulfilled the applicable exit and/or entry criteria. Should an exit or entry criteria remain unmet, then the Connected NCB and the Eurosystem identify and assess corrective actions on the part of the Connected NCB, the Eurosystem or both parties, depending on the source and required resolution of the issue.

The Eurosystem prepares the User Testing stage transition assessment report that documents whether the Connected NCBs of a migration wave have fulfilled the exit criteria of the current stage of User Testing or/and the entry criteria for the next stage of User Testing. It documents recommendations for corrective actions should exit or entry criteria remain unfulfilled.

If the User Testing stage transition is bilateral, then the Eurosystem provides the report to the Connected NCB for assessment and both parties agree in the MCR whether there is a need to report risks and issues multilaterally. If the Connected NCB and the Eurosystem agree on the report’s conclusions for a stage transition, then the Connected NCB formally enters the next testing stage. If no stage transition is possible or disagreements remain, then the MCR escalates the disagreement as defined in Section 7.3 on bilateral escalation process.

If the User Testing stage transition is multilateral, then the Eurosystem provides the report to the PMG substructure. If the PMG substructure agrees on the report’s conclusions for a stage transition, then the Connected NCBs of a migration wave formally enter the next testing stage as a whole. If no stage transition is possible or disagreements remain, then the PMG substructure escalates the disagreement to the PMG. The PMG is responsible for resolving the potential disagreement on the decision to go forward to the next stage of User Testing. If it cannot reach an agreement, then it initiates the disagreement resolution process of Schedule 2 (T2S Programme Planning and Monitoring).
7.3 User Testing Stage Transition Bilateral Escalation Process

User Stage Transition Bilateral Escalation Process (T2S.UT.S3.010)

- T2S Board
  - Joint Discussion
  - Decide on Corrective Actions
  - Agreement?
    - Yes: Impacts other CSOs?
      - Yes: Initiate dispute resolution
      - No: Impacts other CSOs?
        - Yes: Initiate dispute resolution
        - No:...
  - No: Initiate dispute resolution

- CSD/NCB Sponsor
  - Prepare Bilateral Escalation
  - Back to Triggering Process (Cfr Stage Transition Process) (T2S.UT.S3.020)

- MCR
  - Prepare Bilateral Escalation
  - Yes:...

- PMG Substructure
  - Multilateral Discussion (Cfr Disagreement Resolution Process) (T2S.PMO.PMF.040)
7.3.1 Process Actors and their Roles

<table>
<thead>
<tr>
<th>Process Actor</th>
<th>Process Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>T2S Board</td>
<td>In this process, the T2S Board has the responsibility to discuss the escalated issue and attempt to find a resolution with the CSD / NCB Sponsor.</td>
</tr>
<tr>
<td>CSD/NCB Sponsor</td>
<td>In this process, the CSD/NCB Sponsor has the responsibility to discuss the escalated issue and attempt to find a resolution with the T2S Board.</td>
</tr>
<tr>
<td>Monitoring of Client Readiness (MCR)</td>
<td>In this process, the MCR prepares the bilateral escalation for the T2S Board and the CSD/NCB Sponsor.</td>
</tr>
<tr>
<td>PMG substructure</td>
<td>The PMG substructure is responsible for discussing and proposing solutions for a bilateral issue that affects multiple stakeholders and the successful delivery of T2S.</td>
</tr>
</tbody>
</table>

7.3.2 Process Description

The objective of this process is to resolve bilateral disagreements between the Eurosystem and the Connected NCB in the User Testing Phase. An example of such a disagreement would be differing assessments on whether the Connected NCB has fulfilled the entry or exit criteria for a specific stage of User Testing. The monitoring of client readiness identifies and raises any issues on User Testing that it cannot resolve to the Connected NCB’s Sponsor and the T2S Board. At Steering Level, the Connected NCB’s Sponsor and the T2S Board will attempt to resolve these disagreements with the objective to avoid entering the disagreement resolution process of Schedule 2.

The Steering Level will attempt to resolve the disagreement in a timely manner, taking into account the urgency and the severity of the matter. If the Steering Level has achieved agreement on the disputed issues and the proposed resolution does not affect other T2S Stakeholders, then it submits its resolution to the Connected NCB and the Eurosystem representatives in MCR for implementation. If the Steering Level has achieved agreement on the disputed issues and the proposed resolution affects other T2S Stakeholders, then it submits its resolution to the PMG substructure for review and a recommendation on its implementation. If ultimately the Steering Level cannot reach an agreement on the resolution of an issue, then it can escalate the issue according to disagreement resolution process of Schedule 2 (T2S Programme Planning and Monitoring).
7.4 User Testing Suspension Process

User Testing Suspension Process (T2S.UT.S.030)

PMG

PMG Substructure

Eurosystem

MCR

CSD/NCB

Need for suspension identified

Request Suspension

Provide guidance

Assessment

Agreement?

No

Yes

Act Suspension

Disagreement Resolution Process (T2S.PMO.PMF.040)

No

No

No

No

Programme plan Preparation and Assessment Process (T2S.PMO.PMF.005)

Agreement?

Yes

Yes

Plan Impact?

Yes

Yes

Yes

Plan Impact?

Yes

Yes

Yes

Yes

Act Suspension

Need for suspension identified

Request Suspension

Bilateral Phase?

Yes

Yes

Prepare Assessment and Recommendation

Impact on Multilateral Phase?

No

No

Assessment

Plan Impact?

No

No

Act Suspension

Programme plan Preparation and Assessment Process (T2S.PMO.PMF.005)
## 7.4.1 Process Actors and their Roles

<table>
<thead>
<tr>
<th>Process Actor</th>
<th>Process Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSD / NCB</td>
<td>The CSD or NCB is responsible for identifying the need to suspend User Testing.</td>
</tr>
<tr>
<td>Eurosystem</td>
<td>The Eurosystenm has the responsibility for:</td>
</tr>
<tr>
<td></td>
<td>▪ Analysing the CSD or NCB request to suspend User Testing;</td>
</tr>
<tr>
<td></td>
<td>▪ Proposing corrective measures to avoid a suspension of User Testing; and</td>
</tr>
<tr>
<td></td>
<td>▪ Preparing the assessment of and a recommendation on the suspension request.</td>
</tr>
<tr>
<td>Monitoring of Client</td>
<td>In this process, the MCR depicts the bilateral steps of this process for:</td>
</tr>
<tr>
<td>Readiness (MCR)</td>
<td>▪ Reviewing and discussing the status of User Testing; and</td>
</tr>
<tr>
<td></td>
<td>▪ Assessing the status of User Testing and providing guidance to the PMG substructure when required in the case of multilateral escalation.</td>
</tr>
<tr>
<td>PMG substructure</td>
<td>In this process, the PMG substructure is responsible for:</td>
</tr>
<tr>
<td></td>
<td>▪ Discussing the stage transition assessment report and any recommendations; and</td>
</tr>
<tr>
<td></td>
<td>▪ Providing the final decision during PMG substructure sessions to go forward to the next stage or into multilateral escalation in case of disagreement.</td>
</tr>
<tr>
<td>Project Managers Group</td>
<td>The PMG provides guidance to the PMG substructure in order to resolve disagreements on the potential suspension of User Testing. If the PMG</td>
</tr>
<tr>
<td>(PMG)</td>
<td>substructure cannot reach an agreement, then the PMG is responsible for resolving any potential disagreement on the decision to suspend or for</td>
</tr>
<tr>
<td></td>
<td>initiating the disagreement resolution process.</td>
</tr>
</tbody>
</table>

## 7.4.2 Process Description

This process describes the steps in taking a decision on a request from a Participating CSD or Participating NCB to suspend the current stage of User Testing. Participating CSDs/NCBs individually or the PMG substructure may identify the need to suspend User Testing, e.g. too many unresolved defects of various severities to allow the continuation of proper testing. The individual Participating CSD/NCB or the PMG substructure submits the request with its business justification to suspend User Testing to the Eurosystenm. The Eurosystenm analyses the suspension request and, when possible to avoid the suspension to User Testing, proposes corrective action (n.b., if necessary, to the individual Participating CSD/NCB that initiated the request when the request is bilateral; and
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845  To the PMG substructure when it initiated the request as a multilateral request.

846  When the suspension request is bilateral, then

847  the Participating CSD/NCB jointly reviews the Eurosystem assessment of the suspension
848  request in MCR; and

849  the Participating CSD/NCB and/or Eurosystem implement(s) any identified corrective
850  actions to limit and/or avoid a suspension of User Testing.

851  If the suspension of User Testing is unavoidable and has no planning impact, then the MCR may
852  initiate the suspension. If the suspension of User Testing is unavoidable and has a planning
853  impact, then the MCR initiates an assessment of the planning impact that follows the programme
854  plan preparation and assessment process in Schedule 2 (T2S Programme Planning and
855  Monitoring).

856  When the suspension request is multilateral or the bilateral request has a multilateral impact, then
857  Eurosystem prepares the assessment and recommendation for the assessment in the PMG
858  substructure. The PMG substructure may request guidance from the PMG to facilitate a decision
859  on the potential suspension of User Testing. In the case that the PMG substructure cannot reach
860  an agreement, it may revert to the PMG to reach an agreement. If the PMG substructure cannot
861  reach an agreement on the decision to suspend, then it initiates the disagreement resolution
862  process as defined in Schedule 2 (T2S Programme Planning and Monitoring).

863  If the PMG substructure reaches an agreement on the request and the request has no planning
864  impact, then the PMG substructure may initiate the suspension. If the suspension of User Testing
865  is unavoidable and has a planning impact, then the PMG substructure initiates an assessment of
866  the planning impact that follows the programme plan preparation and assessment process in
867  Schedule 2 (T2S Programme Planning and Monitoring).

7.5 Release management during the User Testing

868  The Release Management Process (RMP) during the User Testing execution phase ensures that
869  all aspects, technical and non-technical, originating from defects resolution are considered
870  together, following the principles laid down in Chapter 5 of Schedule 9 (Change and Release
871  Management). The PMG substructure makes a recommendation to the PMG on packaging the
872  bug fixes in a bug fix release.
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7.6 Supporting processes

7.6.1 IT Service Management processes

As described in chapter 3.1 it is the Eurosystem’s responsibility to establish and operate the necessary IT service management processes that includes a defect resolution to remedy errors based on the principles of ITIL V3 Service Operation.

The details of these IT service management processes such as the defect resolution and incident handling will be described in the Manual of Operational Procedures (MOP). The MOP will describe these processes for T2S Operations and the Operations Managers Group (OMG) will be the main stakeholder in this processes. During User Testing the same processes will apply with one major distinction namely that the PMG substructure will be the main stakeholder instead of the OMG. Furthermore, the definitions of the severity of defect and the incident resolution times applicable during User testing are defined in Schedule 6 (T2S Service Level Agreement).
8  Post-migration testing

Post-migration testing shall refer to all testing activities of CSDs, NCBs, DCA Holders and Directly Connected Parties (DCPs) after go-live of the final migration wave for the initial release of T2S. Events, such as the migration of a new CSD / NCB to T2S or the implementation of a new release, will require post-migration testing.

The following principles shall apply for Post-Migration Testing:

- The Project Managers Group (PMG) shall perform an impact assessment for a new T2S release or a new NCB joining on the T2S Actors in order to determine whether all T2S Actors will need to carry out User Testing for the T2S release or whether only affected T2S Actors need to test.

- Based on the impact assessment, the Project Managers Group (PMG) with the support of the PMG substructure on User Testing shall propose a post-migration test plan to the Steering Level for approval.

- The post-migration test plan must ensure that CSDs, NCBs, DCPs, DCA Holders will have sufficient time to verify that the delivered T2S functionality according to the agreed requirements and specifications.

- Post-migration testing shall use the framework as defined in this Schedule.

The PMG in their impact assessment will make a recommendation to the Steering Level on whether the introduction of the new T2S release will require the recertification of CSDs and/or NCBs. The T2S Board shall take the final decision on whether CSDs and/or NCBs must recertify themselves for a new release of T2S.
Annex 1 – Mapping of testing activities on the test environments

In accordance with the principles for sharing testing facilities, the Eurosystem will not plan any Eurosystem Acceptance Testing activity on the testing environments used for User Testing.

The following diagram presents the mapping of the testing activities for each migration wave on the test environments.
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Schedule 3 – Annex 1 – Mapping of testing activities on the test environments

<table>
<thead>
<tr>
<th>Test Environment Usage</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q5</th>
<th>Q6</th>
<th>Q7</th>
<th>Q8</th>
<th>Q9</th>
<th>Q10</th>
<th>Q11</th>
<th>Q12</th>
</tr>
</thead>
<tbody>
<tr>
<td>WAVE 1 Testing</td>
<td></td>
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<tr>
<td>Connectivity Testing</td>
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<tr>
<td>Bilateral Interoperability</td>
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<tr>
<td>CSD Multilateral</td>
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<tr>
<td>CSD Acceptance</td>
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<td>WAVE 2 Testing</td>
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<td>Connectivity</td>
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<td>Bilateral Interoperability</td>
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<tr>
<td>CSD Multilateral</td>
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<td>CSD Acceptance</td>
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<tr>
<td>WAVE 3 Testing</td>
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<td>Connectivity</td>
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<tr>
<td>Bilateral Interoperability</td>
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Disclaimer: the timeline is only used to illustrate the usage of the test environments.
Currency Participation Agreement

Schedule 3 – Annex 1 – Mapping of testing activities on the test environments

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Connectivity

Wave 1 Go-Live

Wave 2 Go-Live

Wave 3 Go-Live
CURRENCY PARTICIPATION AGREEMENT

SCHEDULE 4

MIGRATION
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Introduction

This document aims at presenting the provisions related to the framework that will be used to prepare and conduct the migration to T2S of the Connected NCBs and their Dedicated Cash Accounts holders, as well as the roles and responsibilities of the contracting parties along the migration process from the preparation phase until the end of the Migration Period.

The document is divided into five chapters, corresponding to the major aspects identified as relevant for the migration framework: i) objective, scope and approach of the migration schedule; ii) general responsibilities of the contracting parties; iii) preparation of the migration, iv) implementation of the migration and v) closing phase.
2 Objective, scope and approach of the migration schedule

2.1 Objective

The objective of the T2S migration is to enable a smooth and successful transition to the usage of the T2S Services for all Connected NCBs and their Dedicated Cash Account holders once the pre-requisites for their migration are fulfilled. As stated in the User Requirements Document, “Migration in the context of T2S means the relocation of data from a CSD to the T2S infrastructure and the associated changes in the processes and technical environment of a CSD on a mutually agreed date”. Obviously, the same applies to the Connected NCBs to ensure a successful migration to T2S on the agreed date.

2.2 Scope

In terms of activities, the scope of this Migration Schedule covers all activities that are related to the preparation of the T2S production environment for the successful migration of a Connected NCB and its Dedicated Cash Account holders. Chapter 4, 5 and 6 provide the relevant information concerning the migration related activities. Although the migration process is interrelated with others processes, in particular the User Testing until the end of the Migration Period, the T2S Programme Plan and the Release Management during the Migration Period (if releases/software updates are envisaged during this period), such other activities will be described separately in the relevant Schedules.

With regards to the users, in the context of the Currency Participation Agreement the T2S migration perimeter consists of all non-euro area NCBs that have entered into a contractual relationship with the Eurosystem for the use of T2S in view of their connection to T2S during the Migration Period. Whenever relevant, references will be made to co-ordination of migration activities with other T2S Actors, but the actual provisions applicable to those T2S Actors will be covered as part of the legal relationship with these T2S Actors.

2.3 General migration approach

The migration to T2S will follow a phased approach and will be organised to reach the following objectives:

• give the necessary flexibility for the planning and coordination of the migration activities;
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- allow for a gradual build-up of volumes;
- mitigate the risk that any Connected NCB fails to successfully migrate to T2S on the agreed date, thereby avoiding interruptions in the Connected NCB’s business;
- ensure system stability from a functional and technical perspective throughout the migration process.

This phased approach will be implemented via a migration “by CSD” approach, which allows the CSDs and their Users to migrate to T2S in different waves and on different pre-defined dates.

The migration will be organised targeting a maximum number of 4 migration waves\(^1\), with a minimum period of 3 months between each wave. In addition, one contingency migration date is available (not later than 6 months after the date of the last migration wave), to be used in case the CSD and/or Connected NCB cannot migrate as originally committed. The contingency migration wave can be used by a Connected NCB provided that an agreement has been reached with its national CSD(s)\(^2\) with respect to the fact that the migration can not take place as originally scheduled and therefore the migration of the Connected NCB and of its national CSD(s) has to be deferred to the contingency wave.

The duration of the migration shall be limited to 18 months, from the T2S Go-Live Date (i.e. date of the first migration wave) until the contingency migration date.

The Connected NCB shall migrate at the latest in the migration wave in which at least one national CSD migrates to T2S. The migration will take place during a weekend and will be driven by settlement date. The migration to T2S will not take place on a “sensitive” weekend during critical periods for CSDs and Connected non-euro CBs such as corporate action season, freeze periods or periods of significant market stress etc.

\(^1\) The fourth migration wave is optional pending the proposal of the CSDs by synchronisation point 2 as defined in Schedule 2 (i.e. Q2 2011)

\(^2\) A CSD located in the country of the Connected NCB
3 General responsibilities of the Contracting Parties

As an overarching principle, the Eurosystem and the Connected NCB shall cooperate in good faith for the preparation and execution of all T2S migration activities.

3.1 General responsibilities of the Eurosystem

In view of preparing and ensuring a successful migration to T2S of all Connected NCBs and their Dedicated Cash Account holders, the Eurosystem shall:

a) cooperate in good faith with the Connected NCBs and the other T2S Actors and provide them with all relevant information to prepare the necessary procedures and processes for all migration activities and related deliverables, as described in Schedule 2 (T2S Programme Planning and Monitoring);

b) coordinate, steer and monitor the T2S migration process. In co-operation with the Connected NCBs, it establishes the migration plan, the tasks and the milestones for the migration process and monitors compliance with the agreed procedures and milestones;

c) prepare the life-cycle of the migration process which consists of three phases: (i) the planning phase, which consists of activities related to the preparation of the migration activities that need to be planned in advance in order to mitigate the migration risks; (ii) the implementation phase, which consists of the actual preparations for live operations and (iii) the closing phase, which consists of preparing closing reports aiming at improving the next migration based on lessons learned from the initial migration. The diagram outlining the sequence and interrelations of the migration activities, as well as the milestones of the T2S migration phases are presented in Annex 1 (Migration milestones) to this Schedule;

d) set up a PMG substructure, which will be in charge of coordinating, supporting and monitoring the work related to the migration activities, in accordance with the T2S Governance and the provisions set out in section 3.3 of this Schedule;

e) nominate one person for each Connected NCB as migration correspondent for that non-euro area NCB, as well as a T2S migration coordinator in charge of monitoring and coordinating all activities to be carried out during the migration process;

f) ensure the readiness of the production environment according to the provisions of Schedule 2 (T2S Programme Planning and Monitoring) in order to enable the Connected NCBs to plan and carry out all activities on the production environment required for its migration to T2S;
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89  g) ensure the readiness of T2S for all migration waves, meaning that the enhancements to the system are reduced to the resolution of blocking and severe defects discovered during the Migration Period;

92  h) provide all reasonable support to Connected NCBs in ensuring the readiness of the Dedicated Cash Accounts in their currency, prior to the first settlement of securities transactions by their national CSDs. The opening of these Dedicated Cash Accounts will be driven by the request of the Dedicated Cash Account holders in accordance with the rules and conditions set up by the Connected NCB;

97  i) upload and maintain the necessary Central Bank Static Data and system configuration parameters sufficiently in advance of the migration of the Connected NCBs; The Central Bank Static Data will be created upfront with a future “valid from” date;

100  j) provide support to the Connected NCB – in particular in accordance with section 21.8 of the URD – for the transfer of its Central Bank Static Data and the Dynamic Data prior to its migration to T2S;

103  k) report progress on the overall migration process on a regular basis and share relevant information with the Connected NCBs on their level of readiness (based on information provided by those Connected NCBs);

106  l) apply an escalation and decision-making process for any migration related issues in accordance with the general T2S governance arrangements, as specified in Schedule 8 (Governance) and in the provisions set out in section 3.3 of this Schedule;

109  m) provide support to the Connected NCBs with regard to their migration activities, including during the process of “de-migration” of the Connected NCB in case the Connected NCB faces severe problems due to significantly degraded Service Level during the week after its migration to T2S;

113  n) provide training sessions for the migration to the Connected NCBs and all necessary support to facilitate the training sessions provided by the Connected NCBs to its Dedicated Cash Account holders.

116  3.2 General responsibilities of the Connected NCB

117  In view of preparing and ensuring a successful migration to T2S, the Connected NCBs shall:

118  a) cooperate in good faith with the Eurosystem and with other relevant T2S Actors and provide all relevant information to prepare the necessary procedures and processes for all migration activities and related deliverables, identified in Schedule 2 (T2S Programme Planning and
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b) determine, in agreement with its national CSD(s), the migration wave in which it shall migrate to T2S and the respective migration date by synchronisation point 2 as defined in Schedule 2 (i.e. Q2 2012);

c) migrate to T2S at the latest in the migration wave in which at least one national CSD migrates to T2S;

d) ensure its own readiness for the migration to T2S by the agreed date according to the procedures and processes agreed with the Eurosystem and other T2S Actors;

e) take all measures that are reasonably required to facilitate the readiness of its Dedicated Cash Account holders for the migration to T2S by the agreed date according to the procedures and processes agreed with the Eurosystem and other T2S Actors;

f) set up its own migration project, define its migration plan, allocate appropriate resources to the implementation of such a plan, as well as assess and adjust such migration plan and the allocated resources, where necessary, with a view to ensuring a smooth migration to T2S according to the agreed plan; the adjustments to migration plans must be discussed and agreed with the Eurosystem and other T2S Actors as changes may have an impact on all the involved parties;

g) be involved in the decision to go-live of T2S as a member of the coordination body in charge of coordinating, supporting and monitoring the work related to user testing activities, independently of its migration wave; in particular, the Connected NCB will be able to contribute to this coordination body’s opinion whether or not the exit criteria for the business day testing are fulfilled and on the level of comfort that all remaining blocking and severe defects will be solved in time in order to avoid any impediments for the later migrating non-euro area NCBs;

h) ensure the readiness of the Dedicated Cash Accounts in its currency prior to the go-live of T2S (i.e. if the Connected NCB and at least one national CSD join T2S in the first migration wave) or prior to the first settlement of securities transactions by a national CSD (i.e. if the Connected NCB and its national CSD join T2S in a later migration wave). The Dedicated Cash Accounts in its currency shall be opened in T2S by the Connected NCB upon the request of the Dedicated Cash Account holders in accordance with the rules and conditions set up by the Connected NCB;

3 If an agreement for a dispute cannot be reached at the level of this coordination body, the dispute resolution and escalation procedure described in art. Article 35 of the CPA applies and follows a decision-making process in accordance with the T2S Governance, as specified in Schedule 8.
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i) upload and maintain its Central Bank Static Data sufficiently in advance, typically with maximum three months before the migration wave where the holders of the Dedicated Cash Accounts envisage to settle securities transactions in its currency; the Central Bank Static Data will be created upfront with a future “valid from” date;

j) ensure the availability of the necessary functions to provide T2S with the required collateral information as of the date of its migration if the Connected NCB decides to use auto-collateralisation functionality to offer intraday credit in T2S;

k) provide training sessions to its Dedicated Cash Account holders sufficiently in advance of community testing;

l) report progress on its readiness for migration according to the agreed procedures, frequency and level of detail, with a particular view to identifying developments that might jeopardise the migration of the other T2S Actors according to the agreed plan;

m) nominate one person for coordinating all migration activities within its own organisation and ensure that such person or an alternate shall duly and regularly participate in the meetings organised by the Eurosystem until the Connected NCB has migrated to T2S, and, in particular where this is not practicable, in the written procedures;

3.3 Cooperation and escalation procedures

The Eurosystem shall apply an escalation and decision-making process for communication in accordance with the general T2S governance arrangements, as specified in Schedule 8 (Governance).

The Eurosystem shall set up a PMG substructure, in accordance with the T2S governance, for the coordination and monitoring of the migration activities. This substructure shall meet on a regular basis and shall at least be composed of the ECB Migration coordinator, the 4CB Migration coordinator, and a Migration coordinator from each Connected NCB (as meant in section 3.2.m of this Schedule).

The role of the substructure in charge of Migration shall be to:

- Coordinate and review Migration activities;
- Monitor the implementation of the Migration plans;
- Review the Connected NCB’s tailored Migration plan;
- Discuss issues raised by the members of the substructure and try to resolve disagreements;
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- Communicate with the T2S Programme management office on the planning of Migration activities;

- Prepare communications related to migration to the various T2S Stakeholders and the public at large.

In case of an urgent issue requiring immediate action, the following process shall be followed:

- The Connected NCB shall request a conference call with the Eurosystem during the next business day or at its earliest convenience;

- The issue shall be discussed during the conference call;

- The Eurosystem shall summarize the outcome of the conference call and distribute it to the members of the substructure in charge of Migration.

The substructure in charge of Migration shall convene at its earliest convenience to:

- Assess the nature of the issue;

- Assess the impact of the issue on the various T2S Actors;

- Assess any potential impact on the organisation and the timing of the migration activities for the various T2S Actors;

- Prepare an action plan, and the necessary communication, if any, to address the issue;

In case no agreement can be reached in the substructure, each party shall be entitled to escalate the problem to the Project Managers Group (PMG), where the situation shall be discussed and rapidly assessed.

If a mutually agreeable solution cannot be found in the PMG, then the general T2S escalation process shall apply whereby the issue is escalated to the relevant T2S steering bodies in order to receive guidance to resolve the issue. The escalation process shall be in accordance with the general T2S governance arrangements, as specified in the Schedule 8 (Governance).

Ultimately there shall be recourse to the dispute resolution process as described in the provisions of the relevant Articles in the core Currency Participation Agreement.
4 Preparation of the migration

The activities to be carried out for the preparation of the T2S Go-Live Date and the migration of a Connected NCB and its Dedicated Cash Account holders need to be well planned in advance in order to mitigate the risks related to the migration process.

4.1 Responsibilities of the Eurosystem

In order to prepare and organise the migration related activities, the Eurosystem – in cooperation with the Connected NCB - shall:

a) set up a coordination body according to the T2S Governance and ensure that all Connected NCB and other T2S Actors are informed via this forum as to the progress of the migration activities;

b) set up a bilateral coordination structure between the Eurosystem and each Connected NCB in addition to the multilateral structure specified above;

c) establish the standard migration plan for all Connected NCBs that will join T2S, including aspects related to the set-up of Dedicated Cash Accounts, major project milestones, the necessary Dynamic Data to be input into the system, as well as checkpoints to be met before the start of the migration weekend;

d) support the Connected NCB in establishing the tailored migration plan per Connected NCB or group of Connected NCBs depending on its specificities;

e) establish the detailed migration weekend script for each migration wave which provides the Connected NCB with the required information to execute the tasks and/or to carry out the actions required during the migration weekend;

f) establish the fall-back arrangements and roll-back procedures specific for each migration wave, in order to manage the necessary processes if the migration needs to be deferred to a later stage due to predictable or unforeseen circumstances, and/or if the activities already performed during the migration weekend need to be unwound if the migration has to be stopped;

g) provide support to the Connected NCB – in particular in accordance with section 21.8 of the URD – if it has been demonstrated, following the applicable crisis management arrangements, that there is a need to “de-migrate” to its legacy system immediately after its
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- migration in case the Connected NCB faces severe problems at that time, either due to significantly degraded Service Levels, or because of severe problems at the Connected NCB itself;
- h) define the registration guide/procedures in order to enable the Connected NCB to describe in detail their participation data, services used, account usage details;
- i) establish the structure and elements of the migration profile for each Connected NCB which gives a structured overview of the set-up of Connected NCB on their first day of operation in T2S;
- j) define the necessary Central Bank Static Data and Dynamic Data to be uploaded in the system, as well as the relevant message formats;
- k) re-plan and reschedule certain migration activities as required, based on a strong coordination and decision-making process between the Eurosystem and the Connected NCB, in the eventuality that an unexpected event (within and out of the control of the Connected NCB) will impede the migration of one or more Connected NCBs on the scheduled date;
- l) actively monitor throughout the migration process the level of the Connected NCB’s preparedness;
- m) prepare progress reports to the appropriate bodies on the status of each Connected NCB based on the information provided by the Connected NCBs according to pre-agreed dashboard indicators;
- n) establish the communication framework for the migration process which covers the information exchanged with the Connected NCBs and the market about the migration process and about individual migrations. Communications will be prepared jointly by the Eurosystem and the Connected NCBs, in accordance with the provisions set out in the Currency Participation Agreement and in section 3.3 of this Schedule;
- o) report progress on the activities carried out during the planning phase by the Eurosystem and the Connected NCBs according to the agreed procedures, frequency and level of detail, with a particular view to identifying aspects that might jeopardise the migration according to the agreed plan;
- p) establish specific operational procedures and rules, if needed, to be followed by the Connected NCB during the Migration Period where some Contracting CSDs will operate under the new operational regime of T2S.
4.2 Responsibilities of the Connected NCB

In order to prepare and organise the migration related activities, the Connected NCB – in cooperation with the Eurosystem - shall:

a) organize, prepare and monitor its own migration process and take appropriate measures in order to ensure its own readiness and that of its Dedicated Cash Account holders for joining T2S;

b) monitor and take all measures that are reasonably required to facilitate the readiness of its Dedicated Cash Account holders for the migration to T2S;

c) cooperate with the Eurosystem in preparation of the standard migration plan and the detailed migration weekend script;

d) develop its tailored migration plan (including a fallback plan) based on the standard migration plan;

e) coordinate the readiness of its Dedicated Cash Account holders for migration to T2S. The Connected NCB shall take all measures that are reasonably required to facilitate the readiness of the Dedicated Cash Accounts of its participants in T2S i.e. the creation and availability of Dedicated Cash Accounts in T2S prior to the first settlement of the securities transactions by its national CSD;

f) identify any “critical participants” from a cash perspective that might jeopardize the migration of the relevant Connected NCB and its Dedicated Cash Account holders and involve them actively in the migration project, monitoring their preparations more closely and possibly envisaging fallback arrangements to settle their transactions;

g) communicate the readiness of the Dedicated Cash Accounts, as well as the decision on the readiness of the Dedicated Cash Account holders to operate their Dedicated Cash Accounts in T2S to its Dedicated Cash Account holders well in advance in order to allow them to organise their migration;

h) report progress to the Eurosystem on the activities carried out during the planning phase according to the agreed procedures, frequency and level of detail, with a particular view to identifying developments that might jeopardise the migration of the other T2S Actors according to the agreed plan;.
5 Implementation of the migration

The implementation phase consists of the actual preparations for live operations and the execution of the tasks on the T2S production environment, in particular all activities that need to be carried out from the moment when the Eurosystem has made the T2S production environment available to the Connected NCBs until the successful migration of the last Connected NCB.

5.1 Responsibilities of the Eurosystem

Prior to the start of the implementation phase, the Eurosystem shall:

a) confirm the readiness of the T2S production environment, including the system’s compliance with specific non-functional requirements, in particular related to technical performance, business continuity and information;

b) make available to the Connected NCBs the versions of all the functional and operational documentation (e.g. GFS, UDFS, User Handbooks, Manual of Operational Procedures), which are compliant with the T2S production environment and/or will be used for live operations according to Schedule 2 (T2S Programme Planning and Monitoring);

c) set up coordination bodies, in accordance with the T2S governance, for the coordination and monitoring of the activities to be carried out from the moment when the Eurosystem has made the T2S production environment available to the Connected NCB until the successful migration of the last Connected NCB and the other T2S Actors, as well as for the decision-making in case an incident occurs which might jeopardise the migration to T2S.

During the implementation phase, the Eurosystem shall:

a) carry out all the pre-migration activities and the activities required during the migration weekend, according to the agreed plan;

b) ensure prior to the T2S Go-Live Date that the complete T2S functionality is available in the T2S production environment and all critical bugs encountered during the User Testing have been corrected, so as to avoid the implementation of functional releases during the Migration Period;

c) confirm – prior to the start of first migration wave and the subsequent migration waves - the correct functioning of the T2S production environment according to the T2S Scope Defining Set of Documents and other relevant documents, including the successful execution of an
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inter-region rotation before the first and second migration wave and that the conditions agreed during the previous Go/ No go decision are met;

d) upload and maintain the necessary Central Bank Static Data and configuration parameters sufficiently in advance of the migration of the Connected NCB; these data will be created upfront with a future “valid from” date;

e) confirm the start of the activities during the migration weekend and subsequently the successful completion of each migration on the basis of a report prepared in collaboration with the Connected NCBs; The former confirmation will only be given, in particular, if the exit criteria of the User Testing have been successfully completed and a timetable for implementation of the corrections for the remaining severe defects has been mutually agreed with the Connected NCBs;

f) provide support to the Connected NCB for the transfer of its Central Bank Static and Dynamic Data prior to migration of the Connected NCB to T2S;

g) report progress on the activities carried out during the implementation phase by the Eurosystem and the Connected NCBs according to the agreed procedures, frequency and level of detail, with a particular view to identifying aspects that might jeopardise the migration according to the agreed plan;

h) provide support to the Connected NCBs to perform the required actions for their successful migration according to agreed plan.

5.2 Responsibilities of the Connected NCB

Prior to the start of the migration weekend i.e. go-live of T2S or any other migration date, the Connected NCB shall:

a) obtain the certification from the Eurosystem for uploading and maintenance of Central Bank Static Data on the T2S production environment, management of liquidity and collateral as a pre-condition to start any activities on the production environment;

b) establish and verify its connectivity to the T2S production environment for each of the networks selected by the Connected NCB;

c) upload and maintain the Central Bank Static Data sufficiently in advance, typically with maximum three months before the migration of its national CSD (i.e. before the migration wave where the holders of the Dedicated Cash Accounts envisage to settle securities transactions in its currency);
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d) verify and confirm that its internal systems and processes and those of its Dedicated Cash Account holders are ready to efficiently interact with T2S;

e) verify and confirm that T2S delivers the expected services as agreed in the T2S Scope Defining Set of Documents, in particular by having obtained the possibility to verify that all critical defects have been solved, including those discovered during the implementation phase;

f) confirm the availability of the necessary Dedicated Cash Accounts upon the request of the Dedicated Cash Account holders;

g) confirm the availability of the necessary functions to provide T2S with the required collateral information if the Connected NCB decides to use auto-collateralisation functionality to offer the intraday credit in T2S;

h) confirm that the T2S Scope Defining Documents and other T2S operational documentation are compliant with the services provided by the T2S and can be used for the live operations;

i) confirm its readiness for migration and that of its Dedicated Cash Account holders to T2S according to the agreed migration plan;

j) complete all required forms for the registration on the T2S production environment and provide them to the Eurosystem by the agreed time;

k) ensure timely access to relevant static data for its Dedicated Cash Account holders;

l) carry out all the required pre-migration activities according to the agreed migration plan.

During the migration weekend, the Connected NCB shall:

a) carry out all the activities required during the migration weekend according to the agreed migration plan, including the fall-back arrangements and roll-back procedures as specified in section 4.1 f) of this Schedule;

b) report on the status of the activities carried out during the migration weekend according to the agreed procedures, frequency and level of detail;

c) confirm the end of its migration based on the successful completion of the activities to be carried out during the migration weekend according to the agreed plan.
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Schedule 4 – Migration

6 Closing phase

The closing phase covers the final reporting and the assessment of the lessons learned during the migration process.

6.1 Responsibilities of the Eurosystem

During the closing phase, the Eurosystem shall:

a) provide reports on lessons learned from a migration wave to be applied to the next migration waves;

b) ensure the necessary updates and improvements in the migration plans in order to smoothen the next migration waves.

6.2 Responsibilities of the Connected NCB

During the closing phase, the Connected NCB shall provide feedback to the Eurosystem based on its experience gained during its migration in order to improve the migration of the next waves.
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**T1** Start of the migration process

**T2** Preparatory work following the strategy

**T3** Go-live

**T2S** Migration period

**Migration wave 1**

**Migration wave 3**

**Closing phase**

• Final reporting
• Lessons to be learned

**Phase 3** Implementation phase

- Go/no go decision
- Connectivity tests on PROD
- Registration process
- Static data uploading
- Migration on pre-defined dates

**Phase 4** Finalisation of the migration process

**T**

**C1** Start preparation for migration

**C2** Upload and maintain static data

**C3w1…C3w3** Migration to T2S wave 1…3

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1. T2S Service Description overview

1.1. Purpose of this note

This note provides a common base for the description of T2S Services, especially pertaining to the Framework Agreement and to the Currency Participation Agreement.

This T2S Service Description for the Operational Phase of T2S focuses on:

(1) providing a common structure for the services that T2S will deliver, i.e. settlement services, liquidity management, Common Static Data services, information services, connectivity services, operational and support services as well as the individual services;

(2) the content of the service from the T2S Users’ perspective, i.e. what services the T2S Users will receive, and the business perspective of the interchanges between T2S and the T2S Users;

(3) the boundaries of the services T2S will deliver to its users, i.e. what is within the scope of T2S Services, and what is outside of the scope of T2SServices.

1.2. Scope of the T2S Service Description

1.2.1. Within the scope of the T2S Service Description

T2S is a technical solution to support Central Securities Depositories (CSDs) by providing core, borderless and neutral settlement services. The objective is to achieve harmonised and commoditised settlement in Central Bank Money (CeBM) in euro and other eligible currencies for substantially all securities in Europe.

The Eurosystem manages and operates the business application and the technical solution providing the T2S Services, this service provision by the Eurosystem is hereafter referred to simply as “T2S”. The Contracting CSD will maintain full control over the business and contractual relationship with its customers.

The T2S Service Description describes all services T2S will deliver for the T2S Operational Phase including all services delivered to all Participating CSDs, to all Directly Connected Parties (DCPs), and to all participating Central Banks (CBs, comprised of all euro area NCB and all non-euro area NCB participating in T2S), once T2S is in full operation. The T2S Service Description itself is subject to the rules and procedures established for all Annexes of the Framework Agreement.

1.2.2. Outside of the scope of the T2S Service Description

This Service Description describes only the services T2S will deliver during the Operational Phase. The services delivered by the T2S Programme during the Development Phase and the
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Schedule 5 – T2S Service Description

Migration Period are not described in this note\(^1\).

The Service Description furthermore provides background and relevant information with regard to:

a. The Service Level Agreement (SLA\(^2\)), which will contain all Key Performance Indicators (KPIs), the latter will not be defined nor referenced in the Service Description.

b. The T2S technical architecture is not described in this Service Description and nor are the technical details required to establish the connectivity to T2S.

1.3. T2S Service Description and its relationship to other documents

The Service Description is a high level description of the Services T2S delivers during the Operational Phase thereby identifying the scope of the T2S Services and as such complementing the T2S Scope Defining Set of Documents.

Since, the Service Description is a high level description, in some parts of the Service Description it has been indicated in which documents, e.g. Business Process Description, User Handbook, Manual of Procedures (MoP), further and more detailed information can be found.

---

\(^1\) Details on the T2S Programme can be found in the Framework Agreement and its relevant Schedules

\(^2\) The SLA is a separate document linked closely to this Service Description. The Service Description describes the services T2S clients receive, the SLA defines the relevant KPIs, as well as their control and reporting procedures. Therefore, these two documentations are closely linked and harmonised
2. Service delivery framework

2.1. Scope of T2S instrument

In principle, T2S covers all securities that comply with the following eligibility criteria, i.e. that:

1. have an ISIN code, as instrument identifier;
2. can be settled via a CSD in T2S;
3. can be settled in book-entry form; and
4. are fungible (from a settlement processes perspective).

Securities that do not fall within the scope of any connected CSD are not part of T2S either.

T2S can settle only securities that are compliant with the above criteria 1 to 3, certain securities, compliant with the first three criteria, but not compliant with criteria 4 (non-fungible from a settlement perspective), may still be entered in and processed by T2S.

T2S can settle most categories of securities in a standardised settlement process. For example, multilateral instructions can be settled using the standard T2S functionalities, no specific processing is required as T2S allows instruction linkages.

2.2. Scope of T2S instruction and transaction type

The instruction types covered by T2S are the following:

- Settlement Instruction
- Liquidity Transfer
- Settlement Restriction
- Amendment Instruction
- Cancellation Instruction
- Hold / Release Instruction

T2S settles only settlement transactions with a CeBM cash leg (or no cash leg), it will not provide settlement in Commercial Bank Money (CoBM). T2S provides services for securities settlement and the related cash settlement using a number of transaction types:

- FOP (Free of Payment) consists of DFP (deliver free of payment) and RFP (receive free of payment). In both cases, securities are delivered / received without payment being made.
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• DVP (Delivery versus Payment) and RVP (receive versus payment) define an exchange of securities for cash. DvP and RvP are both securities settlement mechanisms which link a securities transfer and a funds transfer in such a way as to ensure that delivery occurs if - and only if - the corresponding payment occurs.

• DWP (Deliver with Payment) is a type of instruction and settlement mechanism, specifying the delivery of securities together with a cash payment. For example, trade netting by a Central Counterparty (CCP), as an authorised CSD participant, may result in such instructions.

• PFOD (Payment Free of Delivery) defines an exchange of cash without the delivery of securities.
3. T2S SD: Overview T2S Services

T2S deploys a flexible hierarchical party model to allow CSDs and Central Banks to manage their accounts and parties in an efficient way. Roles, including some of the key responsibilities, are allocated in line with the differentiation into:

- a securities’ perspective (CSDs), and
- a cash accounts’ perspective (Central Banks)

The structure of this Service Description document is based on the above mentioned differentiation between the securities perspective (CSDs) and the liquidity management perspective (Central Banks):

- CSDs are the gateways through which various market parties can access T2S. Depending on their needs, a CSD’s parties may continue to contract with one or more CSDs for the settlement of their trades and collateral operations (and those of their customers) in T2S.
  Each CSD will set up and maintain its own Security Accounts’ structure in T2S. Each CSD is responsible for setting up and maintaining all CSD Static Data relating to the settlement activities of its participants. A T2S Actor settling through more than one CSD in T2S will have Security Account(s) with each of the CSDs it uses for settlement.

- All Central Banks whose currencies are available for settlement in T2S have the responsibility to set up and to maintain Dedicated Cash Accounts (DCAs) in T2S if they have concluded a relevant agreement with eligible entities. Furthermore, these Central Banks are also responsible for setting up and maintaining all Central Bank Static Data relating to the DCAs of its members. Cash settlements in T2S take place exclusively on T2S DCAs. Only a CeBM account opened on the books of a Central Bank whose currency is available for settlement in T2S may serve as a T2SDCA.

The totality of the T2S Services (level 1 of the service hierarchy description) are broken down into service classes (level 2 of the service hierarchy) and services (level 3). If the latter (level 3) contain functionally diverse components, level 4 of the service hierarchy describes these service components:

---

3 A more detailed description of the account structures deployed by T2S can be found in the User Detailed Functional Specifications (UDFS), chapter 1.2.6. Accounts structure and organisation

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(if required, Level 4 of the service decomposition will contain the service components)
4. T2S SD.SETT: Settlement services service class

Communication to and from T2S is message-based. Each message contains only one instruction. For a message containing one instruction with the status “already matched”, T2S generates for further T2S processing two instructions.

With the exception of the additional information fields as described below, the business validation service ensures that the content of the received message is valid, i.e. contains all required fields and complies with the rules defined for the content of these fields. These consistency checks ensure that the message can be processed by T2S as intended and is consistent with the relevant rules for this message stored in Common Static Data.

Business validation in T2S consists of two different types of validations:

1. Contextual checks, that is when the validation of one field is dependent on the content of another field, e.g. reference / Common Static Data or other data provided via the Graphical User Interface (GUI);

2. Event-driven checks, e.g. settlement date change, cancellation instruction arriving.

All incoming messages are validated when they enter T2S and re-validated (as are all pending instructions) at the start of a new T2S Settlement Day. Updates of the Common Static Data used for business validation purposes result in revalidation of all relevant instructions. T2S assigns a
status of matched/unmatched at the same time that the instruction is validated.

Messages sent by a T2S Actor to T2S may contain Additional Information Fields which T2S Actors may use for their own purposes. This additional information is neither required for nor related to any T2S process and is therefore neither validated nor further processed within T2S. T2S stores this additional information together with the information it has processed.

Once T2S has successfully validated the compliance of the data contained in the instruction with the data stored in Common Static Data relevant for the business validation process - the instruction is routed to the relevant processing module of T2S. If settlement-related process indicators are specified by the instructing T2S Actor, T2S checks that they are valid for the type of instruction and the instructing T2S Actor in question. The settlement-related process indicators are used to perform certain actions in the settlement process relating to an instruction. T2SActors may use the non-settlement-related link indicator “INFO” to link instructions for information purposes.

In the event of instructions being held/released, cancelled, amended or that make use of a previous settlement restriction, T2S verifies that the previous or related reference exists. T2S performs the business validation on the maintenance/new instruction to ascertain that it is valid and consistent with the previous or related instruction. After identifying a validation error, T2S continues to validate as far as possible (taking into account potential interdependencies between the validated data). If validation errors are found, T2S reports all of them in a single message to the T2S Actor and rejects the instruction.

After successful validation, T2S stores the instruction, assigns the corresponding statuses and informs the instructing T2S Actor and its CSD of the validation result, depending on their message subscription preferences. Once validated:

- settlement instructions that require matching are forwarded for matching,
- maintenance instructions are forwarded to the maintenance functionality,
- settlement restrictions are forwarded for settlement only on their Intended Settlement Date (ISD),

while all other instructions are forwarded directly to the settlement functionality.

T2S must support the CSDs and Central Banks by offering the capability to provide specific validations and processing of messages to fulfil legal, regulatory and supervisory requirements in the markets that they service. T2S therefore allows the CSDs and Central Banks to define their own restriction types.

T2S triggers a revalidation of all relevant recycled instructions when settlement-related Common Static Data change. T2S cancels instructions that do not pass the revalidation successfully and informs both the CSD and the instructing T2S Actor of the cancellation.

T2S validates all incoming and recycled instructions against rules and parameters defined in the
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Common Static Data for the configuration of restriction types. T2S thus checks and validates whether there are any applicable restrictions. If there are, and depending on the type of the restriction, T2S either rejects it or puts the instruction on hold until it is released for further processing.

4.2. T2S SD.SETT 020: Matching service

The settlement instruction Matching service in T2S compares the settlement details provided by the buyer of securities with those provided by the seller of the securities in order to ensure that both parties agree on the settlement-related terms of an instruction.

T2S provides real-time matching, compliant with the rules of the European Securities Services Forum (ESSF)/European Central Depositories Association (ECSDA), throughout the operating day (except during the Maintenance Windows). Matching in T2S is mandatory for cross-CSD settlements. Matching for intra-CSD settlements may take place in T2S or in the legacy systems of the CSD.

T2S only attempts to match validated settlement instructions that entered T2S as “unmatched”. If matching is successful, T2S assigns the Match status “matched” to the settlement instructions and informs the T2S Actor of the matching of their settlement instruction. If T2S finds no corresponding unmatched counterpart instruction for the unmatched settlement instruction, the Match status remains unchanged and T2S sends no information to the instructing T2S Actor.

T2S waits for the missing counterpart instruction for a predetermined period before generating an allegement message for the counterpart in the unmatched instruction. T2S sends the allegement message to the relevant counterparty only if the counterpart has subscribed to receive allegement messages.

T2S attempts to match the instruction for 20 working days (T2S calendar) after the Intended Settlement Date or the date of the last status change, in accordance with the ESSF/ECSDA recommendation. After 20 working days, T2S cancels the underlying instruction and informs the relevant T2S Parties.

T2S matches the settlement cash amount with a certain tolerance level (i.e. in the event that there is no perfect match). The tolerance amount has two different bands per currency, depending on the counter value, in line with ECSDA rules. The general tolerance amount proposed by ECSDA for matching the settlement amount field in euro is currently €25 when the counter value is above €100,000 or €2 when it is €100,000 or less. Once T2S has matched two instructions with a difference in the settlement amount that is less than the tolerance amount, T2S shall settle the instruction with the seller’s settlement amount.

T2S matches different types of fields:

1. Mandatory matching fields
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Mandatory matching fields are the instruction fields that must have the same values for T2S to determine that two settlement instructions match and are eligible for settlement.

2. Non-mandatory matching fields

T2S supports two types of non-mandatory matching fields:

a. Additional matching fields are fields that are initially not mandatory but become mandatory matching fields when either one of the counterparts to the settlement provides a value for them in its instruction. T2S cannot match a filled-in additional matching field with a field with no value (null / zero value).

b. Optional matching fields are fields that are initially not mandatory:

i. If only one T2S Party provides content in an optional matching field, T2S may match with a field with no value (null / zero value).

ii. If both settlement counterparts provide a value for the same field in their instructions, then the optional matching field becomes mandatory for matching.

4.3. T2S SD.SETT 030: Allegement Service

T2S uses allegement messages to inform counterparties that relevant information is missing. An allegement message advises an account owner that another T2S Actor has issued instructions against its account for which the account owner has no corresponding instruction in the Securities Settlement System. Allegements will be sent only if the counterparty has subscribed to receive such messages. T2S alleges a T2S Actor when a settlement instruction or a cancellation instruction is missing. Allegement messages may be used for any unmatched instruction that requires matching.

4.3.1. T2S DD.SETT 031: Settlement allegement service component

After the first unsuccessful matching attempt, T2S waits for the missing counterparty instruction for a predetermined period of time before generating an allegement message. If the instruction is still unmatched at the end of this period, an allegement message is generated. T2S sends an allegement message for the unmatched instruction only if the counterparty has subscribed to receive allegement messages.

T2S supports two standard delay periods for sending allegements to the counterparties of the unmatched instruction.

- “Allegation from first unsuccessful matching attempt”, as the standard delay period from the first unsuccessful attempt to match a settlement instruction

- “Allegation before Intended Settlement Date”, as the standard delay period measured backwards from the FOP cut-off time on the intended Settlement Date.
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241 T2S sends out the allegement at the earliest point in time between the two standard delay
242 periods. T2S calculates the standard delay period in hours and minutes.
243 If the previous allegement message is no longer valid, T2S sends an allegement removal or an
244 allegement cancellation. An allegement cancellation means the cancellation of an allegement
245 message sent previously, due to a cancellation of the settlement instruction by the sender. An
246 allegement removal acknowledges that an allegement message sent previously is no longer valid,
247 because T2S has in the meantime received the missing instruction from the alleged T2SParty.

248 4.3.2. T2S SD.SETT 032: Cancellation allegement service component

249 T2S also provides allegement services in the event of a missing counterpart cancellation
250 instruction, via a status advice message. T2S sends out the cancellation allegement without
251 waiting for any predetermined period to have elapsed. The cancellation instruction remains
252 pending until it matches with a valid counterpart cancellation instruction.
253 If the cancellation allegement sent via status advice is no longer valid because the revalidation of
254 the settlement instruction has been unsuccessful, the counterparty has responded with a
255 cancellation instruction, or the underlying matched settlement instructions have been settled. T2S
256 sends only the settlement confirmation (in case of settled underlying instructions) and status
257 advices (in case of cancelled underlying instructions) to both parties.
258 T2S does not send a status advice to the counterparty to communicate cancellation of the
259 previous cancellation allegement.

260 4.4. T2S SD.SETT 040: Settlement sequencing service

261 Sequencing is the pre-determined order defined in T2S in which instructions are submitted for
262 settlement.
263 During the Real Time settlement, instructions are processed in the order in which they arrive for
264 settlement.
265 For night-time settlement, sequencing refers to the order in which the settlement of certain sets of
266 instructions is attempted in T2S. Settlement instructions are processed in a particular sequence,
267 (i.e. in a fixed order) to avoid the use of security positions and/or cash resources for any
268 transaction other than those submitted in the sequence concerned. T2S runs two settlement cycles
269 with predefined settlement sequences during the night. In each settlement sequence, T2S will
270 perform a settlement attempt for those settlement transactions selected based on the eligibility
271 criteria of the sequence including:
272
273 all new instructions with the current ISD entered into T2S until the launch of the current
274 settlement sequence. These instructions include, for instance, settlement instructions
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- providing liquidity via lending (securities lending) that are intended to settling
  instructions that could not be settled in an earlier settlement attempt;
  - all recycled instructions that could not be settled in an earlier settlement attempt. Such
    recycled instructions include all instructions that could not be settled in the previous
    settlement attempts, including FOP rebalancing and operations with Central Banks that
    could not be settled during the first settlement cycle, trading-related instructions, and
    corporate action instructions.

4.5. T2S SD.SETT 050: Settlement posting service

The transactions are settled in T2S by booking the cash and securities debits and credits in
accordance with the relevant instructions on the relevant T2S DCAs and Security Accounts
(either accounts identified in the instructions being settled or accounts predetermined by default).

The settlement posting service consists of three service components:
  - Settlement eligibility check
  - Provisioning
  - Booking

4.5.1. T2S SD.SETT 051: Settlement eligibility check service component

The settlement eligibility check is the final validation before settlement, as it is necessary to
identify the appropriate instructions for the final settlement process. The eligibility check
considers
  - the Intended Settlement Date (ISD),
  - the potential blocking of the T2S Actor, Security Account, security or T2S DCA from
    settlement and
  - whether or not the instruction should be put on hold,
  - whether the instruction is linked to other instructions,

before an instruction is submitted to the provisioning and booking process. T2S forwards for
settlement only those instructions that meet the validation rules/criteria. Settlement instructions
which do not meet the validation rules/criteria remain unsettled and are not moved forward when
there is any pending intraday restriction.

4.5.2. T2S SD.SETT 052: Provisioning service component

The provisioning or provision-check ensures that the eligible transaction can be forwarded for
booking (and thereby finally settled) if, and only if, the booking does not cause the account
balances of the relevant securities and the T2S DCA to become negative, with the exception of
T2S Central Banks own accounts, T2S transit accounts and Issuer CSD balance accounts, which
can have negative balances.

The provision-check covers both settlement legs of the relevant transaction (e.g. the cash and
securities legs for a DvP transaction). T2S does not consider reserved/blocked securities
quantities or cash amounts on the relevant accounts as available for the provision-check, unless
the instruction being settled refers to the initial reservation/blocking instruction.

When an individual external guarantee limit, unsecured credit limit or auto-collateralisation limit
is defined by the relevant Central Bank (or by the relevant Payment Bank for the settlement of
the instructions of the T2S parties for which it provides cash settlement services), T2S ensures
that the net cash debit resulting from the booking of any instruction(s) of the relevant T2S parties
does not exceed the unused part of this external guarantee limit, unsecured credit limit or auto-
collateralisation limit.

T2S performs the provision check in the following sequence:

1. Provision check of available securities position on the Security Account (only for the
   settlement of securities)
2. Provision check for the T2S DCA and auto-collateralisation (if required)
3. Provision check on the external guarantee limit
4. If auto-collateralised: provision check on the auto-collateralisation limit of the client of
   the Payment Bank
5. Provision check on the unsecured credit limit

When several instructions are submitted together in a settlement attempt, the provision-check
considers the final net balance resulting from the booking of all the relevant instructions (and not
from each and every instruction). In other words, in its provision-check T2S takes into account
the technical netting effect.

If the provision-check on the net balance is not satisfactory, T2S identifies the instruction(s)
responsible for the provision-check’s failure.

These instructions are either:

- submitted for an auto-collateralisation process if the fail originates from a lack of cash;
or,

- submitted for partial settlement (only as a last resort, i.e. if auto-collateralisation is not
  possible or not sufficient and only if the instructions are eligible and are within the partial
  settlement window) if the fail originates from a lack of securities or from a required
  substitution of collateral.
4.5.3. T2S SD.SETT 053: Booking service component

Final booking is only posted if the provision-check on the accounts (securities and T2S DCAs) referred to in the settlement instructions (or on the accounts predetermined by default) is satisfactory.

Once booked by T2S on the T2S parties’ Security Accounts and T2S DCAs, cash and securities debits and credits are final, i.e. irrevocable and unconditional. The booking must not be conditional on any external event (e.g. such as another booking in the payment or settlement system/arrangement of an external Central Bank registrar, commercial bank or CSD), this means that any such condition must have been resolved before the booking in T2S is undertaken.

Because bookings are final, T2S will not automatically unwind credit or debit even if it was done incorrectly.

Each and every transaction is booked on a gross basis. This is without prejudice to the use of the technical netting effects in the provision check when several instructions are submitted together for settlement (either for optimisation purposes or because they are linked by a T2S Actor).

4.6. T2S SD.SETT 060: Optimisation service

T2S optimisation services is intended to determine the optimum balance between maximising the volume and the value of the settlement with the available securities, in order to minimise the number and value of unsettled instructions at the end of the night-time settlement process as well as to minimise the number and value of fails at the end of the Settlement Day.

Optimisation procedures are specific processes aimed at increasing settlement efficiency. Such processes detect and resolve settlement gridlocks, and perform technical netting of obligations in cash and securities, with a view to settle new instructions as well as instructions that could not be settled when previously attempted. Optimisation procedures are available both during the night-time settlement window and during the Real Time Settlement. When several unsettled instructions are optimised together and a chain of instructions is submitted for settlement, T2S includes the securities and cash received during the process of settling the relevant chain of instructions in the optimisation process.

During the night-time settlement window, the T2S optimisation procedure covers all instructions submitted for settlement (either new instructions or recycled instructions that could not be settled when previously attempted).

During the Real Time Settlement, T2S optimisation procedure runs in parallel to real-time settlement processes and covers instructions that could not be settled when previously attempted.

When necessary, T2S combines the four optimisation procedures described below (technical netting/optimisation algorithms, prioritisation, partial settlement and auto-collateralisation).
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4.6.1. T2S SD.SETT 061: Technical netting and optimisation algorithms service component

The technical netting is intended to limit the resources necessary for the settlement of a set of instructions submitted together for settlement. Without prejudice to the fact that booking takes place on a gross basis, T2S reduces, through technical netting, the final net balance to be credited and debited on Security Accounts and/or Dedicated Cash Accounts. When performing its provision-check, T2S considers the final net balance that results from the booking of all the instructions submitted together for settlement (and not that resulting from each and every individual instruction).

During the night-time settlement window, T2S submits all eligible instructions for settlement and optimises all these instructions together. During day-time, real-time settlement optimisation, optimisation algorithms identifying chains of instructions (e.g. such as empty circles, back-to-back instructions) are used to resolve gridlock situations, and so increase the volume and value of settlement and hence, to reduce the value and volume of pending instructions.

4.6.2. T2S SD.SETT 062: Prioritisation service component

Optimisation procedures will take into account the four different priority levels of instructions. T2S automatically assigns predetermined levels of priority for certain specific instructions identified in the Common Static Data. The four different levels of priority identified are:

1. Reserved priority: Only Participating CSDs and Central Banks can assign a “reserved priority” for specific instructions such as intraday corporate actions or certain Central Banks’ specific operations related to the provision/reimbursement of their credit operations.

2. Top priority: T2S automatically assigns top priority to transactions of trading platforms (MTFs, stock exchanges, etc.) with and without CCP and OTC instructions with CCP. To that end, the parameters for identifying transactions (to which this top priority level must be assigned) are predetermined in Common Static Data and apply by default to all the relevant transactions. T2S does not allow top priority to be assigned to any other category of transactions (either by default or at a transaction level).

3. High priority: T2S Actors can assign high priority to their settlement instructions; or

4. Normal priority: T2S assigns normal priority to all other instructions, but enables T2S parties to assign them a high priority on an instruction-by-instruction basis.

For levels 3 and 4 only, the instructing T2S Actor may change the priority level of an instruction (only the deliverer may change normal priority to high priority or high priority to normal priority).

T2S optimises and recycles settlement instructions in accordance with their priority levels in such a way that if several instructions compete for use of the same securities and/or cash resources, for
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settlement purposes preference is given to the instruction with the highest level of priority. In
addition to the priority level, T2S also considers the ISD of the instruction so as to favour the
settlement of instructions with the earliest settlement date and thus avoid instructions with low
priority not being settled.

For Real Time Settlement, the prioritisation applies only to instructions to be recycled in the
settlement queue (i.e. failed instructions). Any increase of a position triggers an optimisation for
the International Securities Identification Number (ISIN) concerned. T2S recycles instructions if
there is insufficient position.

Furthermore, during the Real Time Settlement, the priority level is taken into account by the
settlement procedure only for instructions that failed to settle in a previous settlement attempt.
These are subsequently submitted for recycling and optimisation procedures.

4.6.3. T2S SD.SETT 063: Partial settlement service component

T2S uses partial settlement for instructions that could not be settled due to the lack of securities
providing the settlement instruction fulfils all criteria for partial settlement. A lack of cash does
not trigger partial settlement. Instructions linked by T2S Actors are excluded from partial
settlement.

The partial settlement procedure is used for all T2S instructions, unless one of the counterparts
indicates at instruction level that partial settlement is not allowed (partial indicator set to
no/false), and if the following conditions are met:

- the partial settlement threshold criteria are met, set for both securities and cash, and
defined as part of the Common Static Data, and

- the partial settlement window is active.

When submitting an unsettled instruction for partial settlement, T2S attempts to settle the
maximum quantity of securities available on the Security Account of the seller, taking into
account the threshold chosen by the counterparts.

Once partial settlement has been invoked, T2S allows a duly authorised Actor to modify only the
priority of the instruction, or to hold, to release or to cancel the pending part of a partially settled
instruction. When an instruction is partially settled, T2S does not automatically cancel the
original instruction. T2S keeps the original instruction and updates in accordance with the partial
settled volumes in the status management.

Reverse collateral instructions are not subject to partial settlement.

T2S uses its own partial settlement parameter to activate and de-activate partial settlement as part
of the continuous optimisation process. T2S allows the definition of several T2S parameters for
activating and deactivating the partial settlement procedure during the Night-time and Day-time
Settlement Periods. The T2S partial settlement parameter defines at which moment in time or
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444 based on which event T2S activates or de-activates a partial settlement procedure.
445 In order to minimise fails due to a lack of securities, T2S allows partial settlement in specific time windows, a predefined period before the end of Real Time Settlement and at the end of the last night time cycle during the night-time settlement. T2S submits to partial settlement all eligible instructions that failed to be settled in a previous attempt during the night and deactivates the partial settlement functionality at the closure of the Night-Time Settlement Period. T2S submits at least once all those instructions for partial settlement that it has identified as eligible for partial settlement before the partial settlement procedure is deactivated.
452 T2S informs the CSD and/ or the DCP when partial settlement occurs, depending on the message subscription preferences.

454 4.6.4. T2S SD.SETT 064: Auto-collateralisation service component

455 T2S provides auto-collateralisation functionality during the whole T2S settlement period in order to facilitate the settlement of underlying securities-related instructions that would fail to settle due to a lack of cash on a Dedicated Cash Account (DCA) and/or insufficient external guarantee headroom on a Credit Memorandum Balance (CMB)\(^4\). T2S provides the auto-collateralisation service on the basis of the list of eligible collateral, relevant prices and limits provided by the Central Banks and Payment Banks.

461 The auto-collateralisation functionality with Central Banks and with Payment Banks is available to eligible T2S parties as defined in Common Static Data, provided that auto-collateralisation headroom is available. T2S triggers auto-collateralisation with Central Banks in case of lack of cash on the T2S DCA of the Payment Bank to which the settlement instruction is referring. T2S triggers auto-collateralisation with a Payment Bank (client-collateralisation) in of the event of insufficient external guarantee headroom on the CMB of a client of the Payment Bank, that owns the Security Account to which the settlement instruction refers.

468 T2S allows collateral provided for intraday credit provision in CeBM through auto-collateralisation to be pledged or transferred to a separate account (in accordance with the legal framework chosen by the relevant Central Bank). Collateral provided for auto-collateralisation with Payment Banks can only be transferred to a separate account of the Payment Bank. Intraday credit granted in CeBM through auto-collateralisation can be used only for the settlement of the underlying instructions. The credit amount provided is equal or less than the collateral value of the securities used as collateral, the collateral value being the price provided for a certain security multiplied by the number or nominal amount of the security concerned.

476 An intraday credit provision through auto-collateralisation is always fully collateralised in T2S

\(^4\) Further described in the relevant chapter of the Liquidity Management Services below.
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- Either with securities already held by the buyer via collateral-on-stock, or
- Through collateral-on-flow via the eligible securities that are being purchased.

These securities must be recognised as eligible collateral by Central Banks or Payment Banks and the relevant Payment Bank or its clients must earmark them for their use as collateral. Duly authorised T2S Actor may also earmark a Security Account from which securities may be used for auto-collateralisation. The security account holding the earmarked securities must be linked to the DCA opened by the Central Bank.

In order to provide intraday credit through auto-collateralisation in T2S to one or several eligible Payment Banks, each national Central Bank has to open a T2S Central Bank cash account on which all debits corresponding to its intraday credit provisions through auto-collateralisation will be posted. The T2S central bank cash account is allowed to have a negative cash balance.

The Payment Banks must open one Security Account (via their CSD) dedicated to auto-collateralisation for each of their clients. T2S uses these accounts when transferring the collateral from the client to the Payment Bank. If allowed by the respective Central Bank, the Payment Banks may use the securities positions received during the client-collateralisation procedure as collateral for auto-collateralisation procedure with the Central Banks. In such cases, the Payment Bank has the option to either earmark the Security Accounts for auto-collateralisation purpose or earmark specific securities positions in the Security Account for auto-collateralisation.

The Payment Bank will be able to use such Security Accounts for both (a) receiving collateral in case of client-collateralisation (b) and providing collateral for auto-collateralisation with Central Banks.

Each national Central Bank is required to determine in Common Static Data the collateralisation procedure for which it opts, i.e. (i) transfer to an account opened in the Central Bank’s name, or (ii) transfer to an account pledged in its favour, or (iii) reservation of securities. This must be done for all eligible Payment Banks to which the relevant Central Bank provides intraday credit through auto-collateralisation.

For each of their Security Accounts, T2S parties may indicate via the T2S earmarking service whether T2S may use securities from that account when generating auto-collateralisation operations with Central Banks or Payment Banks on a specific T2S DCA. When such a link exists between a Security Account and a T2S DCA, T2S will use securities from that account in auto-collateralisation operations with either Central Bank or the Payment Bank (acting as credit provider), depending on the earmarking options.
T2S generates auto-collateralisation operations only when they allow the settlement of the underlying settlement transaction(s) and when sufficient headroom exists on the auto-collateralisation limit. When triggering auto-collateralisation, T2S also considers the unsecured credit limit headroom available that could complement the auto-collateralisation operation in the event of auto-collateralisation with Payment Banks (client-collateralisation). Each Central Bank and Payment Bank is able to increase or decrease at any moment of the Settlement Day the auto-collateralisation limit of an eligible Payment Bank or client of the Payment Bank.

T2S submits auto-collateralisation instructions for settlement on an all-or-none basis together with the underlying settlement instructions in order to ensure that the amount of intraday credit provided through auto-collateralisation is automatically and exclusively used to settle the underlying instruction(s).

On the basis of the type of collateral movement chosen by each Central Bank providing credit, T2S will collateralise the intraday credit provided through auto-collateralisation either:

- by transferring the securities from the Security Account of a T2S Actor to the Security Account of the Central Bank providing the credit; or
- by transferring the securities from the account of the bank receiving the credit to another account of this Payment Bank which the NCB has linked to the Payment Bank’s DCA for auto-collateralisation in T2S (the second Security Account being pledged to the Central Bank providing the credit where the securities are in the name of the bank receiving the credit); or
- by reserving the securities on the Security Account of the Payment Bank receiving the credit; in such a case, the securities will be reserved in favour of the Central Bank providing the credit and T2S will not allow the Security Account holder to use the relevant securities as long as they are reserved.

When auto-collateralisation on flow and on stock are both possible for the settlement of a transaction or a set of transactions, T2S prefers to resorts to auto-collateralisation on flow before auto-collateralisation on stock. When the collateral value of the securities on flow is not sufficient to cover the amount of credit granted, T2S complements collateral on flow with...
collateral on stock. Finally, when securities being purchased in the underlying transaction are not eligible collateral (e.g. equities for Eurosystem intraday credit) and therefore cannot be used as collateral on flow, T2S uses collateral on stock to secure the amount of intraday credit granted through auto-collateralisation.

Whenever T2S generates and settles an auto-collateralisation operation, it creates and sets on hold the reimbursement of that auto-collateralisation operation - an the exact reverse operation (i.e. same amounts, same accounts, etc). The Payment Banks are able to trigger the reimbursement of their auto-collateralisation operations with Central Banks and with their clients at any moment during the daytime real-time settlement by releasing the relevant on hold reimbursement instructions.

Auto-collateralisation provides intraday credit that must be repaid at the end of the day. T2S uses all available liquidity on the cash accounts of the Payment Bank to repay the credit. In normal situations, the Payment Banks have repaid all intraday credit operations with the Central Banks before the auto-collateralization reimbursement is initiated. In this is the case, T2S executes only a cash sweep during which the excess liquidity on the payment’s bank’s cash accounts is transferred to the relevant Real-Time Gross Settlement (RTGS) systems. If, however, there is not sufficient liquidity on the cash account at the end of the day to fully reimburse the pending intraday credit, special end of day procedures are invoked.

The securities that are held on the accounts of the Central Bank (or pledged) for auto-collateralisation purposes are transferred to the overnight collateral Security Account indicated by the Central Bank. At the same time, the relevant Collateral Management System (CMS) is informed of the move and the credit usage limit for the participant in the RTGS system is increased. This process ensures that the T2S service provides, though a collateralised credit, the same amount of liquidity in the RTGS system as it withdraws.

4.7. T2S SD.SETT 070: Realignment service

When T2S matches a pair of settlement instructions, or receives an already matched pair of instructions, it verifies whether the instructions submitted require realignment instructions on accounts other than those of the T2S Parties submitting the instructions (e.g. on the accounts of the Issuer CSD). If T2S identifies a need to realign, it generates the required realignment instructions, on the basis of the cross-CSD links in the Common Static Data, automatically validates the realignment instruction, and links all settlement instructions to ensure all-or-none settlement.

Further details especially on the reimbursement procedures and rules can be found in the User detailed Functional Specifications, especially chapter 1.1.2 Liquidity management, and in the General Functional Specifications (GFS), especially chapter 2.3.5 Liquidity Management.
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If the Issuer CSD is within T2S and the Investor CSDs are not in T2S, the realignment takes place in T2S on the basis of settlement instructions (usually free-of-payment) to be sent by the Issuer CSD.

T2S does not send realignment instructions to the Issuer CSD if the Issuer CSD is outside T2S:

- The realignment process is handled by the Investor CSDs in coordination with the Issuer CSD outside T2S.
- If at least one Investor CSD is within T2S, the Conditional Securities Delivery (CoSD) mechanism can be used by the Investor CSDs, to block the position in T2S and hold the instruction until the settlement is confirmed in the Issuer CSD's books.

4.8. T2S SD.SETT 080: Instruction recycling service

Recycling occurs in anticipation of finding the required securities and/or cash subsequent settlement runs, so that failed transactions can be settled successfully.

Recycling differs slightly depending on whether it occurs during day-time and night-time settlement. In case of night-time settlement, all unsettled settlement instructions are recycled automatically to the next settlement sequence. In day-time settlement, unsettled settlement instructions are recycled when new settlement resources (i.e. securities and/or cash) become available.

Unmatched pending instructions are recycled for 20 days before cancellation by T2S. Matched pending instructions which fail to settle are recycled indefinitely.

The T2S settlement optimisation techniques reduce the number of unsettled settlement instructions at the end of the settlement day (EOD).

4.9. T2S SD.SETT 090: Instruction amendment service

T2S Actors may amend only process indicators, irrespective of the status of the underlying settlement instruction (except for instructions with an end-of-life status). The instructing T2S Party has to cancel and reinstruct the settlement if it wishes to modify any other fields.

T2S allows the amendment of the following process indicators until settlement occurs:

- partial settlement (only for settlement instructions)
- linking instructions
- settlement priority

In case of partially settled instructions, the instructing T2S Party may amend the settlement priority only for the pending part of partially settled instructions.

T2S does not allow any settled or cancelled settlement instruction to be modified.
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602 T2S will reject an amendment sent by a CSD participant other than the T2S Party which
603 submitted the original instruction concerned, or its CSD, if the instruction to be amended was
604 sent as non-modifiable by the CSD or an authorised CSD participant.

605 T2S informs the instructing T2S Party, as well as any T2S Actor duly authorised to access this
606 information, immediately after the successful amendment of an instruction, in accordance with
607 their message subscription preferences.

608 If the amendment process fails in T2S, then the amendment instruction is rejected. (e.g. original
609 instruction has settled.)

610 4.10. T2S SD.SETT 100: Instruction cancellation service

611 Any instructing T2S Actor or its CSD may cancel its settlement instructions unilaterally prior to
612 matching or its settlement restrictions prior to settlement. In such case, T2S verifies that (a) the
613 instruction that the T2S Actor wishes to cancel exists in T2S and that (b) its cancellation is
614 possible. Whether or not T2S Actors are able to cancel their instructions depends on the status of
615 the instruction.

616 T2S will reject any cancellation request sent by a CSD participant other than the T2S Party which
617 submitted the original instruction concerned, or its CSD, if the instruction to be cancelled has
618 been sent as non-modifiable by the CSD or an authorised CSD participant

619 Under the same rules, a CSD may cancel any instruction of any of “its DCP”. Cancellation
620 instructions cannot be cancelled.

621 Until matching has occurred, T2S allows a T2S Actor to request unilaterally the cancellation of
622 settlement instructions only.

623 Once matching has occurred, T2S Actors may cancel matched settlement instructions only
624 bilaterally, i.e. both parties must send a cancellation instruction (“binding matching”) for the
625 cancellation to take effect. T2S then matches the cancellation instructions and cancels both
626 settlement instructions.

627 In the case of bilateral cancellation of settlement instructions, T2S checks whether the
628 cancellation instruction from the counterpart exists and matches the two cancellation instructions.
629 If the counterpart cancellation instruction does not exist, then the cancellation instruction remains
630 pending until it matches with a valid counterpart cancellation instruction. T2S also accepts
631 cancellation instructions entered as already matched.

632 In the case of a Conditional Settlement (CoSD), T2S allows only the administering T2S Party
633 identified in the Common Static Data to unilaterally request the cancellation of the instruction
634 that triggered the CoSD process (e.g. when the external condition for settlement is not fulfilled),
635 even after T2S has blocked the relevant securities holding for a CoSD. If a CoSD involves more
636 than one administering T2S Party, the CoSD settlement instruction cannot be cancelled unless
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T2S receives cancellation instructions from each administering T2S Party involved in the initial settlement instruction.

T2S notifies the originator of a cancellation instruction when the cancellation instruction has either been executed (i.e. cancellation of the settlement instruction was successful) or denied (i.e. settlement instruction could not be cancelled). In the latter case, the resulting cancellation status value for the cancellation instruction is “denied”.

If the cancellation process in T2S fails, then the cancellation instruction goes through recycling until it is either processed or rejected if the original instruction has already settled.

If the cancellation mechanism is automatically activated by T2S for a given instruction, T2S informs the CSD or the DCP that the instruction was cancelled by T2S. Automatic cancellation rules are applied to invalid or unmatched or failed/outdated instructions, and are compliant with ECSDA recommendations.

Realignment instructions can not be cancelled by any T2S Actor.

4.11. T2S SD.SETT 110: Hold/release service

Hold and release mechanisms allow T2S Actors to hold or release settlement instructions until their actual settlement or cancellation, even beyond their Intended Settlement Date (ISD). These mechanisms give T2S Actors the flexibility to delay the settlement. T2S Actors may send maintenance instructions to hold and release settlement instructions as many times as required.

T2S allows only the T2S Actor that has put an instruction on hold to release it. If there are two executed hold instructions for the same instruction (i.e. one from the CSD participant and one from the CSD), release instructions must also come from both. If T2S receives a hold instruction for a settlement instruction that is already on hold or has been cancelled from the same T2S Actor who has submitted the initial hold or cancellation instruction, T2S denies the hold instruction.

T2S will reject any hold/release instruction sent by a CSD participant other than the T2S Party which submitted the original instruction. or its CSD, if the instruction to be held/released was sent as non-modifiable by the CSD or an authorised CSD participant.

All instructions on hold at the end of the ISD remain unsettled and T2S recycles them in accordance with the T2S rules for recycling instructions. Furthermore, T2S allows the remaining part of partially settled instructions to be held and released.

T2S will reject any hold or release settlement instruction if T2S has already settled or cancelled the underlying settlement instruction. T2S informs the instructing T2S Party accordingly, depending on its message subscription preferences.
4.12. T2S SD.SETT 120: Earmarking, blocking and reservation service

4.12.1. T2S SD.SETT 121: Earmarking service component

In T2S Parties may define that a security position or a security account be earmarked as a settlement restriction. For a position or an account to be earmarked, the securities must be fully available in the relevant account.

Earmarking defines that a security position or security account may be used for one and only one defined purpose. An earmarked position or account can not be used for another purpose unless the earmarking is revoked.

A T2S Actor may earmark a position or an account for a specific purpose such as auto-collateralisation. If there is a conflict regarding use of the earmarked securities for a delivery/receipt owing to contradictory choices between account level and instruction level (that is to say when a settlement instruction refers to a earmarking purpose which is different from that at account level), the choice at account level overrides the choice at position level (T2S will credit or debit the earmarked position according to the purpose at account level and not according to the purpose at the instruction level). If earmarking is done at the Security Account level for a specific purpose, it will not be possible to earmark securities at position level (in the same account), for a different purpose.

Earmarking is not possible for DCAs.

4.12.2. T2S SD.SETT 122: Blocking service component

In addition to earmarking, T2S Parties may define that securities or cash be blocked at the instruction, position or account level as settlement restrictions. A T2S Actor may block securities or cash for a specific purpose. For the securities or cash to be unblocked, the relevant instruction must contain the reference to the specific purpose.

A blocking of cash or securities prevents the transfer of specific securities/cash from a specific Security Account/T2S DCA.

When a blocking restriction is submitted for settlement, and providing sufficient securities and/or cash are available on the relevant accounts, T2S blocks the number of securities and/or the amount of cash specified in the settlement restriction on the relevant securities and/or T2S DCA(s). If insufficient securities and/or cash is available, only those securities and/or cash will be blocked. No further attempt will be made to block the remaining part.

4.12.3. T2S SD.SETT 123: Reservation service component

As a further settlement restriction, T2S Parties may define that a security or a cash instruction or position be reserved. A T2S Actor may create a reservation without having all the securities or
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702 cash specified in the reservation. Any securities or cash arriving will be attributed to the
703 reservation until the reserved volume has been reached.

704 When a reservation instruction is submitted for settlement, and providing sufficient securities
705 and/or cash are available on the relevant account(s), T2S reserves the number of securities and/or
706 the amount of cash specified in the settlement instruction on the relevant securities and/or T2S
707 DCA(s). If insufficient securities and/or cash are available, T2S:

708  reserves the securities and/or the cash already available on the relevant account; and
709  supplements it with any incoming securities and/or cash proceeds arriving on this
710 account, provided that the latter are not defined to be used for any other purpose.

711 A reservation of cash or securities reserves a securities or cash position for the settlement of one
712 or more settlement instructions. A T2S Actor may refer to an existing reservation in another
713 settlement instruction, by means of the reservation’s unique reference number. If such references
714 result is made the provisioning process will include the reserved cash or securities in its
715 provisioning check. The reserved securities/cash will be used first (ahead of unreserved
716 securities/cash) for settlement of the instruction.

717 4.12.4. T2S SD.SETT 123: Common features of the earmarking, blocking and
718 reservation service component

719 When several reservations/blockings of securities and/or cash have been performed on the same
720 Security Account and/or T2S DCA, and a T2S Actor submits to T2S a settlement instruction
721 referring to one (or some) of those reservation/blocking instructions, the T2S provision-check
722 does not consider the additional securities and/or cash reserved/blocked through reservation
723 instructions other than those referred to in the instruction being settled. However, if the securities/
724 cash reserved/ blocked are not sufficient, T2S also takes into account additional securities and/or
725 cash available on the relevant Security Account and T2S DCAs, provided that the latter have not
726 been reserved/blocked for any other purpose.

727 If at EOD the reserved and blocked cash has not been used for any purpose, T2S releases the
728 relevant cash. In case of a CoSD blocking, T2S releases the blocked cash at the EOD and creates
729 a new CoSD blocking instruction. As regards securities, if blocked or reserved securities have not
730 been used or released at EOD as a result of an instruction from the relevant T2S Actor, T2S does
731 not release them automatically.

732 4.13. T2S SD.SETT 140: Conditional Security Delivery (CoSD) service

733 Conditional Security Delivery (CoSD) is a special functionality which manages instructions that
require the fulfilment of a settlement condition outside T2S before securities may be settled in T2S\(^6\).

Through the T2S Change and Release Management, CSDs request the T2S Operator to set up and maintain the rules invoking CoSD, as the CoSD rules of one CSD might have an impact on other T2S Parties. These rules are stored as part of the Common Static Data in T2S. Each rule identifies an administering T2S Party to release the instruction for settlement or to cancel the CoSD flagged settlement instruction and determines events which will result in an instruction automatically being submitted to the CoSD functionality by T2S. One settlement instruction might be subject to more than one CoSD rule and in such cases more than one administering T2S Party is assigned to that instruction.

On the ISD, T2S verifies all instructions with that particular ISD in accordance with the CoSD rules. It submits them automatically to the CoSD procedure if one or more CoSD rules are met. In such case, T2S automatically generates a settlement restriction to block the securities position, the cash position, or both.

T2S rejects any cancellation request coming from the instructing parties after the activation of the CoSD process, as only administering parties are allowed to cancel settlement instructions submitted to CoSD.

T2S blocks the securities in the deliverer’s Security Account irrespective of the instruction to which the CoSD rule applies (similar rule applies for cash blocking on the T2S DCA linked to the receiver's Security Account). If two or more CoSD rules apply to the securities delivery instruction or related receiving or realignment instructions and those rules require securities to be blocked, the securities are blocked only once. Likewise, T2S blocks cash only once in the delivering cash account.

In a CoSD, securities, cash or both remain blocked and the instruction concerned remains on hold until T2S receives from the administering parties:

- a release instruction, requesting settlement of the instruction using the previously blocked securities or cash (on the basis of the information contained in the initial instruction); or
- a cancellation instruction. After receiving cancellation instruction(s) from all administering parties T2S will cancel the CoSD instruction and its underlying instructions. In such case the underlying cash/securities are unblocked and the administering parties and instructing parties receive a confirmation message.

A “blocking” status message is sent by T2S to inform the (administering) CSD and/or the DCP

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\(^6\) Further details can be found in the User Detailed Functional Specifications (UDFS), especially chapters 1.1.1. Settlement, 2.4 Send Settlement Restriction on Securities Position, 2.6 Send Release Instruction for CoSD by Administering Party, and 2.7 Send Cancellation Instruction for CoSD by Administering 1 Party
that the securities, cash or both have been blocked for the processing of the original instruction. A “hold” status message is sent by T2S to inform the (administering) CSD and/or the DCP that the instruction related to the original instruction is prepared for settlement and waiting for release.

Only the administering T2S Party can send the release message. If the receiving party is outside T2S, the status information is relayed by the CSD responsible for the account within T2S.

If the CoSD blocking cannot take place, T2S recycles the blocking instruction for the following Settlement Day. Cash blocked under CoSD is released at the EOD and regenerated for the following Settlement Day. Settlement instruction that are on CoSD Hold are recycled for the following Settlement Day (i.e. securities remain blocked and the settlement instruction remains on hold).

If the realignment chain changes or revalidation of the instruction submitted to CoSD and its related instructions is unsuccessful, T2S cancels all the instructions but the blocked securities/cash remain blocked.

4.14. T2S SD.SETT 150: Linked instructions service

T2S Actors may link instructions in order to ensure that a settlement instruction settles at the same time, before or after another settlement instruction. Linked instructions are possible on a

- one-to-one,
- one-to-many, or a
- many-to-many

When T2S submits several linked instructions for a settlement attempt, it posts the debits and credits for cash and securities from the relevant transactions if the provision check (including account netting effects) is successful. T2S settles sets of linked instructions according to the highest level of priority accorded to any of the instructions within the set (the whole set of linked instructions settles according to this level of priority).

T2S Actors can link instructions by using the ISO settlement link indicators “AFTER”, “BEFORE” and “WITH”. These link indicators will be used in the settlement process.

When T2S receives an instruction which is linked to one or more other instruction(s), it:

1. checks that the linked instruction(s) exist.
2. then validates that the information contained in the new linked instruction is consistent with the instruction which exists and to which it is linked, i.e. the ISD and the Security Account holder used are the same.

Linked instructions are excluded from partial settlement. If at EOD a linked instruction has not been settled it will be recycled.
4.15. T2S SD.SETT 160: Corporate actions service

To support the CSDs in settling corporate action entitlements, T2S uses standard settlement services for security settlement as well as liquidity management/cash settlement.
5. T2S SD.LIM: Liquidity Management Service Class

5.1. T2S SD.LIM 010: Liquidity transfer service

A liquidity transfer in T2S is an instruction from a DCA holder to transfer a specified amount of cash balance from its cash account to another cash account. The T2S DCA holders are Payment Banks or Central Banks.

T2S allows a T2S DCA holder to receive liquidity on its T2S DCA(s) from any RTGS account (provided that they are denominated in the same currency and that this is permitted by the relevant Central Bank). In the same way, T2S allows the holder of the T2S DCA to send liquidity from its T2S DCA(s) to any RTGS account (as setup by the relevant Central Bank in T2S) if the currency is the same.

In addition to liquidity transfers between RTGS accounts and T2S as mentioned above, T2S provides T2S DCA holders with a “multiple liquidity providers” functionality, i.e. T2S DCA holders can receive liquidity from and reimburse to several RTGS accounts.

Liquidity transfers are executed in real time upon receipt. During the execution of the liquidity transfer, if the status of the liquidity transfer order changes, T2S informs the T2S Actor about the new status if the latter’s message subscription rules in the Common Static Data so dictate.
T2S supports three types of liquidity transfers between T2S DCAs and RTGS cash accounts and between T2S DCAs.

- **Immediate liquidity transfer order:**
  - Liquidity is transferred in real time on receipt of the instruction from the account holder or a T2S Party with the appropriate rights.
  - Used to transfer liquidity between a T2S DCA and the RTGS account or between two T2S DCAs (if these DCA belong to the same Payment Bank or are linked to the same RTGS account).
  - If an immediate liquidity transfer order cannot be settled, an alert is sent to the Payment Bank that initiated the transfer in line with the message subscription rules in the Common Static Data.

- **Pre-defined liquidity transfer order:**
  - Liquidity is transferred at a certain time or when a particular business event occurs, as defined by the account holder of the account or a T2S Actor with appropriate rights to debit the account.
  - The transfer is executed only once on the basis of a defined time or event.
  - Liquidity is transferred from a T2S DCA to an RTGS account only (either the specified transfer amount or “all cash” available in the T2S DCA will be transferred).
  - Any duly authorised T2S Actor may amend or delete the pre-defined liquidity transfer order.

- **Standing liquidity transfer order:**

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**Schedule 5 – T2S Service Description**

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<th>Types of Liquidity Transfers</th>
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- Liquidity is transferred at a certain time or when a particular business event occurs, as defined by the account holder of the account or a T2S Party with appropriate rights to debit the account.
- The transfer is executed whenever the event in question occurs until the standing order is deleted.
- Liquidity is transferred from a T2S DCA to an RTGS account only (either the specified transfer amount or “all cash” available in the T2S DCA will be transferred)
- Any duly authorised T2S Actor may amend or delete a standing liquidity transfer order.

If insufficient liquidity is available on the accounts to be debited, T2S allows partial execution in the case of pre-defined/standing liquidity transfers. T2S allows a partial execution of an immediate liquidity transfer only if it is instructed to do so by a Central Bank in its role as RTGS system, or by a CSD acting on behalf of the Payment Bank.

As part of the business validation process, T2S checks that the content of immediate liquidity transfer orders (received from T2S Actors) or liquidity transfers (which have been generated from a standing or predefined liquidity order) is correct, and validates the consistency of the data contained in the immediate liquidity transfer received by T2S with the Common Static Data. A liquidity transfer which has been generated from a standing or predefined liquidity order is not validated by T2S.

After business validation, T2S communicates the acceptance/rejection of a liquidity transfer order to the Payment Bank and to the Central Bank if the liquidity transfer order was sent from the RTGS system. In the event of failure or rejection, T2S sends a list of error/reason codes. T2S also communicates all changes in status of a liquidity transfer order.

After successful validation the liquidity transfer order is sent to the settlement functionality for processing. The booking function updates the balances on the DCAs involved on a gross basis. In the case of partial execution or of no execution, no further settlement is attempted. T2S communicates all changes in status of a liquidity transfer order in the course of its execution in accordance with the message subscription rules in the Common Static Data, and confirms all executed transfers between T2S and RTGS.

5.2. T2S SD.LIM 020: Limit management service

T2S provides the T2S Actor with different liquidity control mechanisms. A Central Bank can control its parties’ T2S DCA by setting an auto-collateralisation limit for the T2S DCA. Payment Banks can also set different limits at the client level and monitor their utilisation.

A Payment Bank can set up different limits for the liquidity provided to each of its clients, either...
against collateral or without collateralisation. Using T2S queries, the Payment Bank has a consolidated view of its client’s collateral holdings at any given point in time across multiple Security Accounts in either the same or different CSDs. The respective limits are automatically updated when used as a part of the settlement process. T2S performs validations to ensure that these limits are not breached. T2S does not allow cash movements between the Cash Payment Bank and its clients in T2S. The only cash in T2S is the cash on the DCA, which is in CeBM.

Central Banks and Payment Banks can set and monitor the limits they provide to their clients.

- **External guarantee limit**: Cap on credit secured outside T2S that the Payment Bank sets for its client. The external guarantee limit and the unsecured credit limit are identical from the T2S viewpoint, except for the sequence in which they are triggered. Usage of the external guarantee limit is triggered before auto-collateralisation.
- **Client-collateralisation limit**: Cap on the amount of credit extended against securities by a Payment Bank in T2S.
- **Unsecured credit limit**: Cap on the amount of credit granted by a Payment Bank (generally unsecured outside T2S).
- **Auto-collateralisation limit**: Cap on the amount of credit extended against securities by a Central Bank to the Payment Bank.

T2S ensures that all the required provision checks for the Payment Banks and their clients are performed simultaneously and that collateralisation operations are initiated on the basis of the results of the provision check. A Cash Payment Bank client’s credit exposure as well as the
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900 availability of sufficient headroom on different types of credit limits is determined solely on the
901 basis of information available to T2S.

902 To prepare for client collateralisation, the T2S actor has to provide and to set up the information
903 required for the link between its Security Account and its DCA, and to provide the necessary
904 information for the Credit Memorandum Balance (CMB) Security Account Link Set and CMB
905 Security Account Link.

906 Furthermore, a T2S Actor can control the use of liquidity by reserving/ blocking cash for specific
907 instructions. The amount of cash reserved/ blocked may not be used to settle instructions, unless
908 the instruction being settled refers to the initial reservation/ blocking instruction.

5.3. T2S SD.LIM 030: End of day (EOD) cash management service

910 After the cut-off of settlement processing, the EOD processing is conducted in three steps.
911 Information messages are sent to the initiating T2S Actor and other duly authorised T2S Actors
912 in accordance with their message subscription preferences:

1. EOD release of unused cash restrictions:

914 ▪ All restrictions on cash (blocked cash, reserved cash) are released for the current T2S
915 Settlement Day

916 ▪ New cash settlement restrictions regarding CoSD blocking are created for the next T2S
917 Settlement Day

2. EOD release of auto-collateralised positions and transfer of cash balance:

919 ▪ The amount of outstanding auto-collateralisation is validated

920 ▪ If there is no pending auto-collateralisation: No action is taken

921 ▪ If there are pending auto-collateralisation(s):

922 o and the cash on the T2S DCA is sufficient to reimburse fully the pending auto-
923 collateralisation, including possible cash rebalancing: T2S reimburses

924 o and there is insufficient or no cash on the T2S DCA to reimburse the pending
925 auto-collateralisation, T2S:

926 ▪ checks for available cash via cash rebalancing from another DCA of the same
927 T2S Actor

928 ▪ releases the associated reverse (unwind) settlement instructions previously

7 Further details can be found in the User Detailed Functional Specifications (UDFS), especially chapter 1.1.2
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created

- creates instructions for positions that will not be released (equivalent to the pending amount of auto-collateralisation that cannot be reimbursed out of T2S), to transfer the collateral to the Central Bank overnight collateral Security Accounts, and

- Rebalances the account to zero.

3. EOD liquidity transfer (cash sweep)

- Liquidity transfers are created for all T2S DCAs and the Central Bank Account used for EOD reimbursement with non-zero cash balances.

- These liquidity transfers are settled in T2S and sent to the RTGS system.

5.4. T2S SD.LIM 040: Corporate action cash service

T2S enables a T2S Actor, receiving cash proceeds from corporate actions on its T2S DCA, to specify whether T2S should keep the cash proceeds on the T2S DCA or to retransfer them from the T2S DCA to the RTGS account (outside T2S) with which the T2S DCA is linked.

In such case, the T2S Actor must define a standing liquidity transfer order for the T2S DCA as part of the Common Static Data to be able to opt for an automated retransfer of cash proceeds to an RTGS account.

T2S allows the T2S DCA holders to use different T2S DCAs for the settlement of the cash leg of trading-related instructions and for the settlement of the cash leg of corporate action instructions.

During the daytime real-time settlement T2S executes the standing liquidity transfer order as an immediate liquidity transfer to transfer the corporate action proceeds to the RTGS account of the T2S Actor.

For the Batch Settlement, as soon as the relevant RTGS becomes available, T2S transfers the liquidity. Without a standing order, the corporate action proceeds are routed to the T2S Actor’s DCA.

T2S also provides this setup and service for retransferring ‘monetary policy Repo’ related cash proceeds from a T2S DCA to an RTGS account.

5.5. T2S SD.LIM 050: Cash blocking and reservation service

T2S allows a T2S Party to use restrictions to block or to reserve a cash balance in a T2S DCA.

For that purpose, the CSD or the Central Bank has to define the relevant restriction types as part of the Common Static Data.

Blocking a cash balance involves preventing the transfer of a specified amount of funds in a specific currency in one cash account to any other cash account by linking it to a specific
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962 purpose. Blocking in T2S never results in a negative cash balance, i.e. it is not possible to block
963 an amount of funds greater than the available cash balance on a cash account.

964 Reserving a cash balance prevents the transfer of a specified amount of funds in a specific
965 currency in one cash account to any other cash account except for the purpose for which the
966 funds were reserved. The settlement of the underlying settlement instruction (for which the funds
967 were reserved) results in the actual transfer of the reserved funds to another cash account and the
968 subsequent removal of the reservation.

969 A T2S Actor may reserve a cash position without yet disposing of the required full amount of
970 cash in that position. Any cash arriving in the reserved position will be attributed to the
971 reservation until the required amount has been reached.

972 A T2S Actor may refer to an existing reservation/blocking in another settlement instruction, by
973 referring to the unique reference number of the reservation’s/blocking. Such reference will be
974 interpreted in such a way that the provisioning process includes the reserved/blocked amount of
975 cash in its provisioning check. The reserved/blocking cash will be used first (ahead of
976 unreserved/unblocked cash) for settlement of the instruction.

977 During business validation, T2S checks automatically whether one of these restriction types
978 applies to the submitted settlement instruction or to an instruction for an intra-position movement
979 to determine the further processing required. If the validation process finds a match for a
980 restriction type, then the relevant restriction type is applied to the instruction.

5.6. T2S SD.LIM 060: Liquidity monitoring service

981 T2S provides different functions for monitoring the actual cash balances of the DCAs as well as
982 the CMB limits to monitor the liquidity of the clients of the Payment Bank. T2S calculates the
983 amount of cash required for the settlement and informs the T2S Actor if more liquidity is needed.
984 Cash related queries allow duly authorised T2S Actors to obtain information about their account
985 balance on the T2S DCA(s), outstanding intraday credit from auto-collateralisation, and potential
986 liquidity based on securities on stock that can be used for auto collateralisation purposes. In
987 addition, T2S provides information showing the overall liquidity.

988 A T2S Actor may request information on cash needs for instructions pending for settlement
989 during the current Settlement Day, as well as cash forecasts for the following Settlement Day.
990 Information on cash needs and cash forecasts covers T2S DCA liquidity needs.
991 Information for the on-going Settlement Day is intended to provide a snapshot of the cash
992 required to settle instructions remaining unsettled at the moment of the snapshot. This
993 information includes (as part of the cash required for the current day settlement) the value of
994 potentially available auto-collateralisation.
995 Information on cash forecasts for the following Settlement Day and in particular for the following
night-time settlement window is intended to allow T2S Actors to prepare and dedicate in advance sufficient cash for the settlement of their instructions during the following night-time settlement window. The cash forecasts are based on

- cash needs resulting from the net balance between
  - cash proceeds and
  - cash needs
  - expected for settlements with the following day as the ISD, and
- the amount of intraday credit that can be obtained through auto-collateralisation.
- the amount of liquidity credit that can be obtained through external guaranteed limits and unsecured credit lines from Payment Banks or Central Banks

Depending on the chosen report configuration, cash forecasts can be received as reports sent out automatically by T2S at certain points/when certain events occur during the T2S Settlement Day. Preliminary information on cash can also be obtained via the query functionality.

However, it should be noted, that these cash forecasts (received through the above-mentioned reports and via queries) are only indicative of the final cash needs, as the forecasts are based only on the information available in T2S: T2S does not take corporate action proceeds into account, if the relevant instructions are not submitted to T2S.

The T2S Actor has to be aware that these cash forecasts will change in the course of the Settlement Day depending on new settlement instructions/liquidity transfers submitted to T2S. It is to be expected that the quality of the cash forecast will increase continuously during the day as additional settlement instructions and information become available in T2S.

A T2S Actor is able to define the floor and ceiling amounts per DCA in the Common Static Data. This functionality allows the T2S Actor to receive alerts if the amount of liquidity in the DCA reaches the minimum/maximum the DCA account holder has defined.

5.7. T2S SD.LIM 070: Multiple liquidity provider service

T2S DCA holders may receive liquidity from several RTGS accounts (i.e. from different liquidity providers) and use the proceeds in T2S. This cash can be transferred from the RTGS accounts prior to the start of Batch Settlement in T2S. Subsequently, a T2S DCA holder can use this cash for its own settlement purposes or to provide cash settlement services to its clients, during Batch Settlement in T2S.

At the end of the Batch Settlement, a T2S DCA holder may opt to establish liquidity transfers which will reimburse its different liquidity providers in the relevant RTGS systems with the remaining cash in the T2S DCA. This reimbursement facility is the “multiple liquidity provider” service.
The reimbursement of cash is executed via outbound liquidity transfers generated by T2S on the basis of the multiple “standing liquidity transfer order”. The priority of execution is defined by the T2S Actor in the “order link set” setup in the Common Static Data.

T2S validates whether a T2S DCA holder (liquidity receiver) has opted for a “multiple liquidity provider” service for reimbursement. In this is the case, T2S reimburses the liquidity providers in the sequential order of liquidity providers as set up in the order link setup (in the Common Static Data). T2S aims to reimburse each liquidity provider up to the maximum amount of the cash the liquidity provider transferred before starting to reimburse the next liquidity provider in the sequential order concerned. In the order link set, the main liquidity provider is setup as the last liquidity provider and therefore is the last liquidity provider to be reimbursed (assuming there is sufficient cash to reimburse all liquidity providers).
6. T2S SD-STD: Common Static Data Management Service Class

6.1. T2S SD-STD 010: Common Static Data Management Service

Common Static Data management is the service that T2S provides for setting up/inserting, changing/maintaining and inactivating/deleting Common Static Data in T2S regardless of the type of conceptual entity. T2S applies the same functional principles for inserting, maintaining and deleting all entities.

T2S processes all Common Static Data updates in real-time in both User-to-Application (U2A) and Application-to-Application (A2A) mode, except in the case of some preliminary functions which are only available in U2A mode. All Common Static Data entities are stored in the T2S database with a full audit trail and it is possible to query the actual occurrence of an entity as well as the historical data. Whenever a record in Common Static Data is changed, a new version of this record is stored including the timestamp and the identification of the T2S Actor performing the change, thereby maintaining a full audit trail.

T2S allows T2S Actors to parameterise the entities and the types of updates made by a T2S User or by a T2S process. T2S will process these in real-time except during the maintenance window.

T2S checks for every change in a Common Static Data entity and for the change approval configuration for this entity and processes the update in accordance with the configured parameters. The privileges of the different T2S Users depend on the Common Static Data entity. Static security data changes made by an automated interface do not require an independent

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8 The detailed list of available functions for the different modes are part of the UDFS and of the GUI description.
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change approval by a second user, but a manual update by a person is subject to such approval (4-eyes principle).

T2S provides duly authorised T2S User with the functionalities to

- identify all static and dynamic data changes awaiting approvals;
- search for specific static and dynamic datachanges;
- search and display historic change information, including both approved and rejected changes;
- and approve and reject static and dynamic datachanges.

6.1.1. T2S SD.STD 011: Insert service component

T2S allows the duly authorised T2S User to insert a new occurrence of an entity into Common Static Data. A T2S User is an individual or application that is allowed to communicate with T2S when duly authorised and authenticated.

6.1.2. T2S SD.STD 012: Update service component

T2S allows duly authorised T2S User to update an existing occurrence of a Common Static Data entity. T2S allow T2S Users to update occurrences of a Common Static Data entity if the previous update of the same occurrence remains in the change approval queue. T2S prohibits the concurrent update of occurrences of a Common Static Data entity. When a T2S User selects an occurrence for editing, T2S locks the occurrence so that a second T2S User or T2S process cannot access it for updating.

6.1.3. T2S SD.STD 013: Delete service component

When a duly authorised T2S User initiates the deletion of an occurrence in a Common Static Data entity, T2S checks that there are no unsettled instructions and only zero positions pertaining to that data. Only if that is the case will the deletion status of the occurrence be changed from “active” to “deleted”. The deletion of an occurrence of a Common Static Data entity occurs only logically.

The T2S archiving functionality is the only function which will physically delete an occurrence of a Common Static Data entity from the active T2S database. The physical deletion of a Common Static Data occurrence is only possible for logically deleted occurrences. To ensure the referential integrity of data, Common Static Data occurrences are physically deleted from the active database only after archiving processes have removed and archived the related transactional and position data as of a cut-off date that is determined by the retention plan. Data history and data revisions that took place before the archive date will be included in any physical
6.1.4. **T2S SD.STD 014: Reactivate service component**

In some instances, it is necessary to reactivate a logically deleted occurrence of Common Static Data. T2S allows duly authorised T2S Users to specify the Common Static Data entity and the identifier of an occurrence in that Common Static Data entity, and to reset the deletion status of an occurrence in that Common Static Data entity from “deleted” back to “active”.

6.2. **T2S SD.STD 020: Securities Reference Data service**

Securities Reference Data in T2S defines the set of entities and attributes that T2S requires for settlement and auto-collateralisation in CeBM.

The Securities Entity holds all attributes that exist only once for a security. Securities Reference Data require every security to have an ISIN code, compliant with ISO 3166. The creation of a new security will be effective immediately unless it requires dual entry approval. This also applies to updates of all attributes for the Securities Entity. Certain “non-standardised securities” that comply with all required criteria apart from not being fungible from a settlement perspective may still be entered in and processed by T2S.

The Securities Reference Data Service allows the CSD to create and maintain the Common Static Data of those securities for which it is the Issuer CSD or the Securities-Maintaining Entity. The service allows the Issuer CSD to block or unblock ISINs both for itself and its Investor CSDs. T2S allows an Investor CSD to block or unblock ISINs only for itself.

6.3. **T2S SD.STD 030: T2S Party data service**

T2S deploys a flexible hierarchical party model to allow CSDs and Central Banks to manage their accounts and parties in an efficient way. The T2S Operator maintains the first and second level of the hierarchy. All other levels must be managed by the CSDs and the Central Banks respectively.

A T2S Party denotes any legal or organisational entity required in T2S as single legal entity to guarantee data segregation. The same legal entity, or organisational unit of a legal entity, may be set-up under several CSDs or Central Banks as a result of this principle. This entity includes the parties from the first three levels of the hierarchy model, the T2S Operator, the CSDs, the participants of the CSD, the Central Bank and Payment Banks. It also establishes the links between the different parties on the different hierarchical levels. A CSD can also be a T2S Actor for its own purposes defined in level 3 of the hierarchy (see graph below).

T2S assigns each party a technical identifier, which the user can also use as the unique T2S Party
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code (participant code). T2S will use the BIC of a T2S Party to identify the T2S Party uniquely across in the Central Bank - and CSD-specific reference data.

The CSD-part of this hierarchical structure contains all T2S Party data pertaining to securities settlement. The Security Account (on the lowest level of this part of the hierarchy) is assigned to the CSD participant and to the CSD. Each CSD is responsible for maintaining the hierarchy including the Security Accounts of the different parties which are linked to it. CSDs assign and manage the access rights of their participants, including those of all their DCPs.

Security Accounts linked to the CSD participant and T2S DCAs linked to a Payment Bank form the lowest level of the hierarchy. The Security Accounts can be either omnibus accounts or end-investor accounts for markets with direct holdings systems.

CSDs have access to Central Bank party and account Common Static Data to link Security Accounts to T2S DCAs for the settlement of the cash leg of a settlement instruction. T2S will make available to the CSDs the relevant data for the linking of accounts without publishing all T2S DCAs. Access rights control which CSD is able to see the T2S DCAs needed for linking purpose. When a CSD sets up a Security Account, it can only see those T2S DCAs to which it can link a Security Account for settlement.

The Central Bank part of the hierarchical structure includes all data relating to the Central Bank and the T2S DCAs held with the Central Bank by Payment Banks. In the third tier of this part of the hierarchy includes the Payment Banks which operate T2S DCAs to provide liquidity. The T2S DCAs are the lowest level of the hierarchy. The hierarchy links the T2S DCA to the relevant Central Bank.

Central Banks authorise the access to T2S DCAs by assigning the BIC of those parties, eligible for access to the cash account for settlement, to the T2S DCA. When entering a Security Account, the CSD only sees those T2S DCAs which have the same BIC assigned to them as the T2S Party that owns the Security Account.
6.4. T2S SD.STD 040: Security Account dataservice

Security Account reference data specify all information required for defining and processing a Security Account in T2S.

Security Accounts in T2S must be opened and closed by the CSD to ensure the consistency and integrity of Security Account reference data between the CSD and T2S. When the CSD opens an account, it must immediately trigger the opening of the relevant account in T2S. The same applies for the closing of an account.

T2S supports a T2S Actor - Security Account Relationship entity to specify a time-dependent relationship between a T2S Actor and a Security Account. The purpose of the entity is to allow a CSD in T2S to transfer a Security Account relationship from one account operator/sub-custodian to another account operator/sub-custodian within the CSD. The functionality enables a CSD to transfer an end-investor Security Account relationship from one account operator to another.

CSDs are also responsible for closing a T2S Security Account by setting the business status to “closed” and confirming the change. T2S only closes an account if:

- there is no un-settled instruction specifying the T2S Security Account for the settlement;
- the T2S Security Account is not part of an active T2S linkset;
- there is no securities balance remaining on the T2S Security Account.

In case an unmatched instruction exists concerning an account that is closed, during the business revalidation the unmatched instruction is identified and will be cancelled.

6.5. T2S SD.STD 050: Cash account dataservice

The T2S DCA model specifies the requirements for assigning T2S DCA to Security Accounts for the settlement of the cash leg of settlement instructions. The T2S DCA entity specifies the T2S
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1177 DCAs of Payment Banks in T2S. It also links the T2S DCA to the associated RTGS account
1178 concerned as well as establishing the reference link to the Payment Bank that owns the account
1179 and to the Central Bank that operates the account.
1180 The key responsibilities of each Central Bank whose currency (euro and non-euro) is available
1181 for settlement in T2S are:

1182 ▪ set-up and maintain the DCAs of their RTGS participants for all securities-related
1183 payment transactions in their currency in T2S;
1184 ▪ identify securities accounts for use as the pledged accounts to which securities are moved
1185 in autcollateralisation
1186 ▪ set up and manage Common Static Data, access rights and configuration data pertaining
1187 to its members and its own participation in T2S;
1188 ▪ if required, provide for the interoperability of their own RTGS systems and collateral
1189 management (CMS) systems with T2S;
1190 ▪ if the Central Bank chooses to participate in auto-collateralisation:
1191   o to provide auto-collateralisation in its currency to its members in accordance
1192     with its self-defined eligibility criteria;
1193   o if required, to provide to T2S, for the specific purpose of auto-collateralisation, a
1194     list of eligible securities and prices as well as any other data necessary for T2S to
1195     judge the eligibility of a specific security for a specific participant;
1196 ▪ be responsible for the choice of its network provider(s) and to make every effort to
1197     maintain properly functioning connectivity to T2S functions properly.

Central Banks are also responsible for closing a T2S DCA by setting the business status to
“closed” and confirming the change. Unless the Central Bank deems that immediate closure is
necessary, T2S only closes an account if:

1201 ▪ there is no unsettled instruction specifying the T2S DCA for the settlement of the cash
1202   leg;
1203 ▪ the T2S DCA is not part of an active T2S DCA linkset;
1204 ▪ there is no cash balance remaining on the T2S DCA.

The external RTGS Account Entity specifies all the external RTGS payment accounts to which
an authorised T2S User can link a T2S DCA. This entity also provides the reference link to the
Payment Bank that owns the account and the Central Bank that operates the account.

The Central Banks have to add new external RTGS account for a Payment Bank or another
Central Bank in T2S. T2S assigns new external RTGS accounts an opened business status and the
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current Settlement Day as the opening date.

An external RTGS account can be closed by setting the business status to “closed” and confirming the change. T2S will not close an account if:

- there is an unsettled payment instruction specifying the external RTGS account;
- the external RTGS account has an active link to a T2SDCA;
- or if the external RTGS account is defined in a current (not closed, not expired) standing liquidity transfer order.

T2S allows the blocking/unblocking of an RTGS account using T2S Actor and account settlement restrictions. The blocking of an RTGS account results in all T2S DCA linked to the RTGS account being blocking from settlement.

6.6. T2S SD.STD 060: T2S User data service

A T2S User is an individual or application that is allowed to communicate with T2S using a login name and certificate/smartcard and for U2A in addition an optional password and/or certificate for authentication. The assignment of the T2S User to a T2S Actor establishes the relationship between the T2S User and the system entity. T2S provides specific roles and privileges to restrict the access of this T2S User to business data of the CSDs and of the Central Banks.

T2S User maintenance defines the process of adding, changing and deleting users in T2S. Access to this functionality is restricted to system administrators only.

A system administrator is able to lock and unlock a T2S User without deleting the user by setting the attribute "lockout status" to "yes" or "no". If the system administrator assigns existing roles to or deactivates roles for a T2S User, T2S automatically assigns to the T2S User the privileges associated with that role.

6.7. T2S SD.STD 070: Roles and privileges data service

In order to comply with the principle concerning the separation of functions and roles, T2S implements roles and privileges as business concepts which refer to the right of T2S Actors to interact with T2S. Duly authorised system administrators configure roles and privileges to authorise other T2S Users to execute specific functions or view specific data.

A privilege is a right, either granted or denied, to execute certain functions within T2S, or to access and/or update certain data in T2S. It is through the privileges that access to functionality and data for specific roles, T2S Parties and T2S Users are granted and restricted. A privilege is uniquely identifiable, both internally in the application and to the T2S system administrator. Privileges are classified either as System privileges or Object privileges.

System privileges grant certain rights for a single or a homogeneous group of data objects (e.g.
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T2S Calendar). Object privileges grant rights in relation to a single or a group of Common Static Data objects.

The administrator grants a privilege by specifying whether (1) the associated functionality is allowed or explicitly denied; (2) the grantee of the privilege is allowed to grant the same privilege to another user or role; (3) the grantee of the privilege is allowed to use the function associated to the privilege in accordance with to two eyes or four eyes principles.

Account owners (i.e. a CSD or a Central Bank) may grant privileges to their clients, with different roles and privileges for each one. These roles and privileges can be differentiated by client and even among different accounts of the same client.

T2S privileges may for example grant:

- no access at all;
- read only access;
- the right to instruct with possible limitations concerning the type of instructions or the accounts to instruct on.

A role consists of one or more privileges. A CSD or a Central Bank may configure valid roles for its T2S parties as follows:

- If set up by the CSD, DCPs manage their T2S Useradministration,
- If set up by the Central Bank, Payment Banks manage their T2S Useradministration.

Each CSD or a Central Bank needs to create and authorise a system administrator for each of its client T2S Actor of that CSD or of that Central Bank. The system administrator is responsible for maintaining users and roles for this particular client. The CSD or Central Bank administrator has to ensure, that the system administrator of the T2S Party has access only to those roles that the CSD or Central Bank permits. Accordingly, T2S enables each CSD or the Central Bank to grant its clients access to a different set of roles, depending on the services provided by the CSD or the Central Bank to each T2S Party.

CSDs or Central Banks participating in T2S must continue to comply with legal and regulatory requirements. T2S therefore allows the configuration of CSD- or Central Bank - specific roles. The CSDs or Central Bank may differentiate the access they grant to T2S services and functions on the basis of the regulatory and legal requirements to which they are subject.

6.8. T2S SD.STD 080: Restriction management service

T2S must support the T2S Operator, CSDs and Central Banks by enabling them to provide specific validations and processing of settlement instructions to fulfil legal, regulatory and supervisory requirements in the markets that they service. T2S therefore allows the T2S Operator, CSDs and Central Banks to define their own restriction types.
After approval through the T2S Change Management process, only the T2S Operator is allowed to setup the definition of and to maintain harmonised restrictions, which may be used by all CSDs and Central Banks.

Restriction types are attributes that define the specific processing characteristics for a securities position, cash balance, Security Account, T2S DCA, T2S Party or settlement instruction to ensure configurability of specific requirements, as prescribed by national legal and regulatory requirements and practices, and to avoid hard-coding in the application software.

T2S provides the following restriction processing types:

- **Blocking** – blocks an instruction from settlement;
- **Rejection** – rejects an instruction at validation;
- **CSD Validation Hold** – accepts a settlement instruction at validation (not applicable to settlement restrictions) but holds it for a subsequent release by the CSD;
- **Reservation** – reserve a cash balance or securities position;
- **Balance Type / Earmarking** – define and manage position types for securities and balance types for cash balances;

Restrictions can also be defined as either a positive or negative parameter set and in time (from and to).

During the validation process, T2S automatically verifies whether one of the defined restrictions applies to the instruction submitted.

A T2S User may define specific rules for restriction types. These define the sequence in which T2S applies a logical set of parameters to determine whether a specific restriction applies to the instruction. The restriction matrix defines the specific parameter values within a rule. T2S stores matrix entries for a rule in a rule set. A matrix entry defines an occurrence of a valid set of values, specifying the actual criteria against which T2S must validate a settlement instruction to determine whether a restriction type applies.

T2S allows duly authorised users to

- add new rules for a restriction type;
- (re-) define the sequence of rules for a restriction type;
- delete rules for a restriction type if the user has deleted all occurrences under that rule;
- add and delete matrices in a rule.

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9 Further details for the CSD validation hold are provided in the User Detailed Functional Specifications (UDFS) chapter 1.1.1 Settlement.
This functionality is also used by CSDs to define which settlement instructions will be put on CSD Validation Hold. It allows CSDs to execute certain tasks / validations locally prior to the settlement of the underlying instruction.

6.9. T2S SD.STD 090: Attribute domain data service (market-specific attributes)

Attribute domains in T2S provide the valid list of values allowed for an attribute (table column or a data field in physical terms). They include a list of all the valid values that a user can enter for an attribute of a static or transactional data entity. T2S uses attribute domains for field validations and for documenting the business definition of a value in an attribute.

T2S provides a general Common Static Data component that allows the duly authorised T2S User to logically create, modify and deactivate market-specific attribute domains, on the basis of the existing data definitions (attributes). These market-specific attribute domains allow the T2S Operator, CSDs and Central Banks to define their own restriction types as described above. T2S allows the definition of additional values, mapped to an attribute, T2S limits the actions that a user can trigger in the database using attribute domain management. T2S allows the registration and deactivation of attribute domains using pre-defined database tables.
7. T2S SD. INF: Information Management Service Class

7.1. T2S SD.INF 010: Status management services

As part of its settlement services, T2S maintains the settlement statuses of any instruction it processes. T2S informs duly authorised T2S Actors of the result of all settlement services and of all changes to the statuses of instructions, depending on the message subscription chosen by the T2S Actor.

T2S provides multiple-statuses reporting that gives more flexibility and brings more efficiency than single-status reporting. In this context, T2S provides the values of the different statuses for each instruction in a status message.

If instructions are rejected, settlement attempts unsuccessful or instructions cancelled, T2S also informs the relevant T2S Actor why this has happened.

7.2. T2S SD.INF 020: Report generation service

T2S provides a defined set of reports. Reports are triggered automatically by T2S. All reports are available in both User-to-Application (U2A) and in Application-to-Application (A2A) mode as in the T2S Connectivity Services description. These reports are not, and should not, be considered as Regulatory Reports. T2S Actors may use the query services described hereafter to receive the necessary information from T2S to provide their regulators with the required information.

T2S reports are either event-triggered or sent at a fixed time. When a CSD, T2S Actor or Central Bank require information at a time not so triggered, the information can also be retrieved using the query service.

Reports containing information either on individual accounts or on a set of accounts can be sent to the relevant CSDs and DCPs, or to the relevant Central Bank. T2S reports are based on the latest available data and contain a date and time stamp. In addition, T2S sends successive versions of defined reports with the information that changed from the previous version to the
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next version of that report (delta reporting). The additional information includes the attributes of
the reported items as provided in the previous version of the report.

A DCP may receive reports only on:

- its own securities and cash balances, those of its clients and those of any other T2S Actor
  for which the appropriate authorisation was granted,
- instructions that were submitted by the T2S Actor (or a Third Party with access rights -
  supported by power of attorney to do so on behalf of the T2S Actor) and instructions that
  refer to the securities or cash account of the T2S Actor (or any sub-account thereof),
- its own Common Static Data, as well as some generic Common Static Data on
  instruments and the daily schedule.

A CSD may receive reports only on:

- instructions that were submitted by the CSD in T2S itself, its DCPs, or by its participants,
- securities transactions and balances of the CSDs own accounts in T2S, those of its DCPs
  and those of its participants and
- Common Static Data of the CSD in T2S itself, its DCPs, and of its participants, where
  privileges permit. These Common Static Data include those ISINs for which the CSD
  acts as Security Maintaining Entity (SME). Additionally, a CSD may query all
  Common Static Data that relate to its admission rule, for securities as well as for parties.

A Central Bank may receive reports only on:

- Instructions that were submitted by the Central Bank in T2S itself, or by its Payment
  Banks.
- cash balances of its own DCAs in T2S and those of its Payment Banks as well as cash
  movements on its own DCAs and those of its payment banks, and
- Common Static Data of the Central Bank in T2S itself, and of its Payment Banks.
  Additionally, a Central Bank may query all Common Static Data that relate to its national
  currency.

A Payment Bank may receive reports only on:

- Instructions that were submitted by itself.
- cash balances of its own DCAs in T2S, and
- its own Common Static Data, and that pertaining to its DCAs.

10 Further details can be found in the Manual of Operational Procedures (MOP)
T2S provides the following report types:

- Statements of holdings
- Transaction reports:
  - Statement of transactions
  - Statement of pending instructions
  - Statement of settlement allegations
  - Statement of Security Accounts at EOD
  - Statement of changes to Common Static Data
  - Billing data report
- Cash forecast reports
  - Current Settlement Day cash information
  - Following Settlement Day cash forecast

### 7.3. T2S SD.INF 030: Query service

T2S allows information to be queried in T2S. Queries are triggered by the duly authorised T2S Actor. All queries are available in User-to-Application (U2A) and in Application-to-Application (A2A) mode. All securities instructions, and balances and Common Static Data queries are available for all CSDs in T2S, DCPs as well as Central Banks and Payment Banks, in accordance with the access rights.

T2S accepts all queries at any point in time during T2S opening days. T2S processes all queries in real time, on the basis of the latest available data. During the night-time settlement cycles, T2S stores balance queries sent in Application-to-Application mode. T2S responds to the queries at the end of each sequence inside a cycle with the latest position.

T2S provides standard queries which can be taken as the basis (blueprint) for individual, non-standard queries. For individual, non-standard queries, T2S provides the option of specifying parameters in the query to fulfil the needs of the querying T2S Actor. When processing queries, T2S takes into account all access rights as defined in the Common Static Data. T2S will only return results where the T2S Actor that has submitted the query has the right to access the underlying data. CSD/ Central Bank and T2S Parties may act as service providers for indirect Parties or e.g. remote brokers.

### 7.3.1. T2S SD.INF 031: Query service for T2S Actor servicecomponent

A T2S Actor may query the following – subject to access rights:
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- its own securities positions;
- instructions submitted by the T2S Actor itself (in case of direct connectivity), or by a Third Party that has access rights in T2S supported by a power of attorney;
- its own Common Static Data, as well as some generic Common Static Data relating to e.g. instruments and the daily schedule.

7.3.2. T2S SD.INF 032: Query service for CSDs service component

A CSD in T2S may query the following:
- instructions that were submitted by the CSD itself, or by its DCPs;
- securities and cash balances of DCA(s) of the CSD itself and of its T2S parties in T2S;
- Common Static Data of the CSD itself, and of its T2S Actors;
- Common Static Data pertaining to securities.

7.3.3. T2S SD.INF 033: Query service for Central Banks service component

A Central Bank in T2S (acting in its role as Central Bank) may query:
- cash balances of the DCAs kept at the Central Bank in question;
- movements on the DCAs kept at this Central Bank;
- and Common Static Data pertaining to the DCAs for which it is responsible.

Additionally, a Central Bank may act as a T2S Actor of a CSD. In this case, the Central Bank has the same access rights as any other T2S Actor. Finally, if a Central Bank plays the role of a CSD, that Central Bank, when doing so it has the same access rights of a CSD.

7.3.4. T2S SD.INF 034: Query service for Payment Banks (liquidity providers) service component

A Payment Bank in T2S (acting in its role as liquidity provider) may query:
- cash balances of its DCAs;
- Common Static Data pertaining to the DCAs for which it is responsible.

7.3.5. T2S SD.INF 035: Settlement-related queries service component

During the night-time settlement cycles, T2S stores balance queries sent in Application-to-Application (A2A) mode, then replies with a message that T2S is currently running a cycle and that T2S will respond to the query at the end of the cycle with the latest position.

T2S provides different standard queries related to settlement:
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- Securities balance query:
  - The Securities Balance Query returns an account view on the position at a
    particular point in time, the latest securities position or at the close of settlement
    if requested after close of settlement, all positions are summarised in the account
    structure that is compatible with the query parameters.
  - The Securities Balance History Query returns all positions that occurred during a
    particular time period, all positions are summarised in the account structure that
    is compatible with the query parameters.

- Settlement instruction query
  - T2S allows T2S Actors to query settlement instructions in accordance with the
    Actor’s roles and privileges.
  - T2S provides a settlement instruction status audit trail query which allows a T2S
    Actor to query settlement instructions on the basis of the business processing
    status or a combination of business processing statuses on a specific date or in a
    specific period in the past.

7.3.6. T2S SD.INF 036: Cash balance-related queries servicecomponent

In accordance with their access rights, Central Banks and settlement/ Payment Banks may query:

- the current balance of one or more T2S DCAs.
- the total current collateral value of securities earmarked and available (on stock) for auto-
  collateralisation for a T2S DCA via the Securities Balance query and the Securities
  Balance History query. The collateral value of securities, calculated by the query, does
  not include securities on flow, as the settlement process will use these automatically.
- for a specific T2S DCA, the current total collateral value of every security, earmarked
  and available (on stock) for auto-collateralisation via the Securities Balance query and
  the Securities Balance History query, in all Security Accounts, linked to the T2S DCA
  for settlement of the cash leg. The collateral value of securities, calculated by the query,
  does not include securities on flow, as the settlement process will use these
  automatically.
- the amount of outstanding intraday credit stemming from auto-collateralisation, defined
  as the difference between the credit utilised and the credit reimbursed.
- for a specific T2S DCA, the collateral (amounts and securities) utilised for outstanding
  intraday credit stemming from auto-collateralisation.
the total collateral (amounts and securities) utilised for outstanding intraday credit stemming from auto-collateralisation.

- In addition to the queries described above, T2S provides some screens in the T2S Interface (U2A mode) which give a consolidated view of the balances available on the different DCAs of each Payment Bank to facilitate the liquidity management of the treasurer(s) at the Payment Bank itself. These screens are available to directly connected Payment Banks and their Central Bank (further detailed in the User Handbook and the documentation on the GUI interface).

- In order to manage the liquidity of their DCAs, Central Banks and their Settlement/Payment Banks may also query:
  - Limits and their utilisation
  - Liquidity transfer orders
  - Liquidity transfer orders for multiple liquidity providers

A CSD in T2S may query the cash balances of its own DCA(s) and those of its T2S parties in T2S.

7.3.7. **T2S SD.INF 037: Common Static Data-related queries servicecomponent**

Common Static Data queries are related to all main entities in Common Static Data. CSDs and CSDs’ participants may query Common Static Data in accordance with their access rights.

T2S also provides a Common Static Data audit trail query which allows a T2S Actor (in accordance with its access rights) to query all revisions to an occurrence of Common Static Data. Standard Common Static Data queries allow the T2S Actor to query, in accordance with its access rights:

- Security reference data
- T2S Actor reference data
- Security Account reference data
- T2S DCA reference data
- T2S calendar and diary/daily schedule
- T2S entities
- Attribute domains
- T2S Actors, roles and privileges
- Restrictions
- Currency reference data
8. T2S SD. CON: Connectivity / Communication Service Class

T2S does not provide technical connectivity/network services between the T2S Actors and T2S among its services. Network services have to be procured by the T2S Actors directly from one or more of the accredited Network Service Providers (NSP). T2S defines the technical and operational requirements for the NSPs.\(^\text{11}\)

NSPs offer a catalogue of services with appropriate solutions for high settlement volume and small settlement volume T2S Actors. The connectivity service catalogue contains the connectivity to T2S Service NSPs provide and the additional services offered by these NSPs, including:

- detailed services,
- service levels, detailing performances, availability and support commitments,
- volume related services,
- dedicated connectivity solutions,
- backup/ alternative network access solutions.

8.1. T2S SD.CON 010: Messaging services

T2S provides standard, time-event-driven and business-event driven messages based on and compliant to the largest extent possible with the ISO 20022 / UNIFI (Unified Financial Industry Message Scheme) standard. Communication between T2S Actors and T2S has to comply with

\(^\text{11}\) The T2S Connectivity Guide provides further details on the different roles and responsibilities regarding the connectivity services
the formats and specifications defined in T2S. T2S supports push and pull mode for files and single messages in Application-to-Application mode (A2A), as well as a Graphical User Interface (GUI) in User-to-Application mode (U2A).

In T2S “business terms” a message is a single instruction (e.g. a settlement instruction, matched or unmatched, a Common Static Data maintenance instruction, etc) and in “technical terms” an XML string that refers to one or more “business messages”.

In T2S “business terms” a file is a set of instructions (more than one) and in “technical terms” a XML string that refers to one or more “business messages”, possibly of different types. Its size should be within a defined range (minimum and maximum considering performance aspects).

For each message or file received by T2S an acknowledgement is sent to the sending T2S Actor. An acknowledgement from the receiving T2S Actor is also expected for each message or file T2S sends out. Security-settlement-related and cash-management-related messages follow the same logic.

Inbound and outbound traffic is stored in T2S in original format messages (before any transformation) and the messages are kept with time-stamping information and signature.

8.1.1. T2S SD.CON 011: Push messaging service component

During the Real Time Settlement T2S sends real-time standard messages to the T2S Actors which are triggered by the relevant business events. These events for the generation and subsequent sending of the different messages are described in the corresponding chapters of this Service Description.

After each cycle of the Batch Settlement T2S sends settlement related messages to the T2S Actors. For a given instruction only the most recent valid statuses will be sent. T2S Actors may choose to receive single messages or one file containing the complete set of such messages.

Depending on their access rights and privileges, T2S Actors can receive any message or any copy of any message. A copy of a message is any message sent to a T2S Actor (who is neither the instructing T2S Actor, nor the counterparty to the instruction), communicating the exact same information as sent to the instructing T2S Actor/counterparty to the instruction.

T2S message subscription is a service that allows a CSD or another duly authorised T2S Actor with direct connectivity to T2S to subscribe to copies of messages sent between a Directly Connected Party (DCP) and T2S in real-time using push mode messaging.

The T2S Actor must define in Common Static Data message subscriptions for all messages they want to receive. T2S only sends those messages the T2S Actor has subscribed to, there are no mandatory messages apart from the technical acknowledgements, which are always delivered to the sender of the message. All messages, which are used by T2S, are available for message subscription. T2S will not send any message not subscribed to beforehand, although T2S
generates all messages in accordance with the business context.

Subscriptions are based on one or more of the following parameters:

- Message type;
- Instruction type;
- Instruction status;
- Participant;
- Account;
- ISIN.

For Central Banks, the messaging service includes i.a.

- messages for each utilisation of intra-day credit stemming from auto-collateralisation.
- messages for each repayment of intra-day credit stemming from auto-collateralisation.

The message subscription rules are defined and maintained in the Common Static Data by the T2S Actor.

8.1.2. T2S SD.CON 012: Pull messaging service component

T2S Actors may request to receive specific messages from T2S. T2S uses this mode mainly for query services and reports. Additionally, through the Graphical User Interface (GUI) the T2S Actor may pull queries and reports.

8.2. T2S SD.CON 020: Technical validation services

T2S verifies that all inbound communication (messages and files) is compliant with T2S required syntax, format and structure. The message and file integrity check is part of the validation and ensures that only messages and files from T2S Parties enter the T2S applications. T2S validates files using the same standard as for the messages and ensures that inbound files are not lost, that outbound files are neither lost nor duplicated and that the recommendations of the Giovannini file transfer rulebook are applied (generic rules for file construction and best practices for file transfer operations for any and all file transfers, on any network).

If there are structure problems in a received message, T2S rejects the message. If there are file transfer or structure problems inside the file, T2S rejects the file in its entirety. If there are validation problems at the level of individual instructions within the file, the file is normally processed and a rejection message is sent for each individual invalid instruction the file contains.

T2S verifies whether the communication was received from a secured and recognised technical address configured in the Common Static Data.
8.3. T2S SD.CON 030: Connectivity types services

8.3.1. T2S SD.CON 031: Application to Application (A2A) service component

Application to Application (A2A) mode in T2S is a connectivity mode to exchange information between the T2S software application and application at the T2S Actor. In T2S, A2A can be based on either XML messages or file transfer. The ISO 20022 standard is applied as far as possible, for both inbound and outbound communication.

8.3.2. T2S SD.CON 032: User to Application (U2A) service component

The duly authorised T2S User can communicate with T2S via a web based Graphical User Interface (GUI), a connectivity mode to exchange information between software application of T2S and a T2S Actor and which is the User-to-Application interface (U2A) for interaction with T2S. The roles and privileges assigned to a T2S User determine which functions this user may execute and which data this user is allowed to see and to maintain.

8.4. T2S SD.CON 040: Information security management services

Information Security management services are a crucial part of the total package of T2S services, in terms of confidentiality, integrity and availability as well as authentication, accountability, non-repudiation and reliability of the T2S information.

Confidentiality or non-disclosure agreements between T2S and the T2S Actors address the requirement to protect Confidential Information using legally enforceable terms. Any access to the service’s information by external parties must be controlled. Where there is a business need for working with external parties that may require access to the service’s information, or when a product or service is obtained from or supplied to an external party, a risk assessment is carried out to determine Information Security implications and control requirements. Access by external parties to the service’s information is not provided until the controls have been implemented and, where feasible, a contract has been signed defining the terms and conditions for the connection or access and the working arrangement.

8.4.1. T2S SD.CON 041: Authentication service component

Authentication is a security mechanism which verifies the identity of an individual T2S Actor (the T2S User) or application trying to connect to T2S. A T2S User is an individual or application that is allowed to communicate with T2S using a login name and certificate/smartcard and for U2A in addition an optional password and/or certificate for authentication.

T2S supports different types of authentication:
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- Simple authentication requires to the T2S User to enter the T2S User ID and the respective password only. This is applicable only for U2A.
- Simple Certificate authentication requires the T2S User to use a certificate without entering a password in T2S. This is applicable only for A2A.
- Advanced Certificate authentication requires the T2S User to use a certificate in addition to entering the T2S User ID and respective password in T2S. This is applicable for U2A only.
- Smartcard authentication requires the T2S User to identify himself to the system using a smartcard in addition to entering the T2S User ID and respective password.

T2S stores and manages certificates as part of the Common Static Data. For every inbound communication T2S verifies

- the identification of the sender
- whether the digital signature of the inbound communication corresponds to the certificate of the sender
- the T2S Actor technical address
- the network service used for the communication
- if the sender information of the inbound communication is defined in the Common Static Data

8.4.2. T2S SD.CON 042: Authorisation service component

Authorisation is a security mechanism which verifies that a T2S User or application (trying to connect to T2S) has the appropriate privilege to access certain functions or data within T2S. Authorisation is managed via the roles and privileges assigned by the T2S system administrators. Initially the CSDs and the Central Banks (with respect to the Payment Banks) grant and manage the authorisation. Within a DCP or a Payment Bank, a system administrator may grant additional authorisations which are limited by the authorisation granted to the T2S Actor by the CSD or Central Bank.

T2S verifies the authorisation for every service and data access requested by a T2S User.

8.4.3. T2S SD.CON 043: 4-eyes principle service component

T2S ensures that any T2S operation to be executed in 4-eyes-mode is confirmed by a second authorised T2S User. The 4-eyes principle is only possible for U2A communication.

When a T2S User changes any occurrence of static or dynamic data, which is subject to independent approval, T2S creates the changed version of the data as a new occurrence in the
relevant revision entity and accords it a status "awaiting approval". The current version remains unchanged and is used until an independent source approves the update. If the independent approver accepts the change, T2S accepts the update and gives it the status "approved" in the Common Static Data entity. T2S retains the previous version of the data from the current entity as part of the audit trail in the revision history.

8.5. **T2S SD.CON 050: Message sequencing services**

T2S assigns each outgoing message a business sequence number which allows all T2S Actors to identify the sequence of messages T2S has sent. The receiving T2S Actors can thus identify whether messages are missing or misplaced in the sequence.

This service is used for all business related messages sent out by T2S.

8.6. **T2S SD.CON 060: Direct connectivity services**

Direct (technical) connectivity is a technical facility which allows T2S Actors to access T2S and use its services without using the relevant CSD/ Central Bank as a relay or proxy. Direct connectivity affects neither the business or legal relationships between CSD and T2S Actor, nor the processing of the instructions of the CSD’s or Central Bank’s T2S Actor.

Direct connectivity is a technical concept and means the existence of a (direct) A2A network connection between a T2S Actor and T2S. It does not mean that the T2S Actors concerned has any particular roles or privileges.

DCPs have to be certified to participate directly in T2S. The relevant CSD or Central Bank (i.e. the one the DCP is a participant or member of) has to ensure that the DCP fulfils all relevant conditions for participation of the DCP in T2S. T2S ensures that each DCP receives services as authorised by its CSD or Central Bank, and the same Service Levels. Furthermore, T2S ensures that no connected system can harm T2S or any other connected system. Before being able to access the T2S production environment, both the CSD / Central Bank and its DCP(s) therefore have to successfully pass a series of mandatory tests.

An individual T2S Actor may wish to participate as a DCP in more than one CSD or Central Bank. In such case, the T2S Actor is deemed to be a separate DCP within each CSD or Central Bank, and thus has a DCP account and related contractual arrangements with each of the CSDs or Central Banks concerned.

8.7. **T2S SD.CON 070: Routing services**

T2S allows duly authorised T2S Actors to configure routing information which T2S uses to
deliver outgoing messages to them. Each T2S Actor can set up several routing conditions and each routing condition includes the network service and the technical address. T2S identifies the T2S Actor entitled to receive the message on the basis of on the configuration in the Common Static Data, namely:

- the message subscription preference of the recipient.
- the technical address to which the message should be routed (when there are multiple technical addresses, the first technical address (according to priority) is chosen).

T2S ensures that outbound messages will be routed to the appropriate technical address of the receiving T2S Actors.

T2S sends a message as a direct response upon receipt of a message, It sends the message to the T2S Actor’s technical address, which was used to send the underlying message, rather than the address defined in the Common Static Data.
To ensure service support and delivery in accordance with agreed Service Levels, T2S uses predefined processes based on the proven Information Technology Infrastructure Library (ITIL) concept. ITIL provides a set of best practices for managing information technology (IT) infrastructure, development, and operations.

T2S Service delivery is coordinated through the operations and support services and the required activities and processes are delivered and managed in accordance with agreed Service Levels for T2S.

9.1. T2S SD. SUP 010: Business application configuration services

T2S ensures the continuous management of its configuration.

9.1.1. T2S SD. SUP 011: T2S Calendar service component

For settlement of transactions against payment/delivery and/or free-of-payment/delivery in euro or non-euro CeBM, a common calendar is defined in the Service Level Agreements, as followed by all euro area markets.

During weekends, after the end of the Friday Settlement Day, T2S moves to the Settlement Day of the following Monday and performs the related activities until the end of the Night-Time Settlement Period. On the Monday, T2S starts with the preparation of Day-Time Settlement as
9.1.2. T2S SD.SUP 012: T2S Settlement Day service component

T2S operates on a single harmonised timeframe for centralised settlement procedures in euro and non-euro CeBM. This timeframe represents a balance between the user requirements for a pan-European timetable and the constraints and business needs of existing local schedules, and is in accordance with the market’s request for harmonised post-trading practices in the EU.

T2S settlement services are available continuously during the Night-Time and the Day-Time settlement periods except for a short period during the Maintenance Window. T2S does not perform any settlement services outside the Night-Time and Day-Time settlement periods.

The change of the T2S settlement date defines the start of a new Settlement Day. Following the change of the Settlement Date:

- T2S validates settlement instructions against Common Static Data valid as of the new settlement date and resulting from validated changes to the Common Static Data; and
- T2S settles instructions on the new settlement date.

The following is an overview of the T2S Settlement Day. A detailed description including time lines can be found in the T2S Manual of Operational Procedures (MOP):

- The T2S Settlement Day begins with a start-of-day ("SOD") period, starting after the change of the settlement date and ending prior to the start of night-time settlement. It includes processes that are critical for the smooth preparation of the night-time settlement procedures, such as the identification and revalidation of eligible instructions and changes to the Common Static Data valid as from or as for this settlement date. During this period liquidity transfers from RTGS systems will be accepted.

- The following Night-Time Settlement Period starts after the end of the “SOD” period and ends prior to the Maintenance Window. During the Night-Time Settlement Period mainly settlement instructions that were input on previous Settlement Days with an Intended Settlement Date that corresponds to the current settlement date are processed. The Night-Time Settlement Period consists of two settlement cycles.

- After the Night-Time Settlement Period the T2S Schedule includes a technical window for system maintenance.

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12 Additional detail and further rules regarding the T2S calendar can be found in the Manual of Operating Procedures (MOP)
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- After the end of the Maintenance Window T2S starts the Day-Time Settlement Period, which is used mainly for T+0 (same-day or intraday) settlement. In addition, it is during this period that failures from night-time settlement can be resolved.

- Before the End-of-Day (EOD) period starts, T2S operates different cut-off times for DvP, FoP, Central Bank operations. The EOD period of T2S starts after the end of the Day-Time processing and finishes prior to the change of the settlement date, permitting CSDs and their participants to perform critical end-of-day activities, such as fulfilling reporting requirements. From the start of the end-of-day procedure, securities and cash positions are stationary (with the exception of EOD procedures related to the auto-collateralisation as described above) since no settlement can occur until the start of the next Settlement Day’s Night-Time Settlement period.

9.2. T2S SD.SUP 020: Operational monitoringservices

The T2S Operator monitors the T2S infrastructure and the T2S business application continuously:

- The T2S Operator observes the behaviour of the T2S production environment. If deviations from the normal Settlement Day are detected (the normal Settlement Day being defined as the behaviour of T2S over a defined time period):
  - within defined boundaries, the T2S Operator can trigger the appropriate corrective actions, when required, and
  - if necessary, the T2S Operator raises the alarms and indicates the appropriate level of priority as quickly as possible;

- In the event of operational issues the T2S Operator cannot resolve, the T2S Operator reports aggregated, up-to-date monitoring information.
  - In crisis and contingency situations, the T2S Operator provides up-to-date and comprehensive information to the crisis manager.
  - In the event of an incident or problem, the T2S Operator provides and tracks information about the status and logs its history, as well as documenting the analysis and solution.

13 See further details in the SLA and in the MOP
9.3. T2S SD.SUP 030: Business continuity management services

Business continuity in T2S is understood to mean managing single component failures as well as failures of a single site without losing data. The Business Continuity Management service ensures that the required IT technical and services facilities (including computer systems, networks, applications, telecommunications, technical support and Service Desk) can be recovered within required, and agreed, business time-scales.

The technical environment for the T2S data centre and application follows the “two regions / four sites” architecture. Inside a region, the distance between the two sites is more than 10 kilometres. System and application software are kept updated in parallel at the four sites and each of the four T2S sites satisfies the agreed Service Levels.

Different mechanism and procedures are implemented to guarantee business continuity:

- Single component failure
  - Hardware/Software and telecommunication components redundancy
  - Software quality control and test execution
  - Operational procedures (e.g. Change and Release Management)

- Site failure
  - Data in the two local sites are mirrored synchronous
  - Local recovery procedure to restart on alternate site

9.4. T2S SD.SUP 040: Disaster recovery and crisis management services

Disaster recovery services in T2S are understood to mean ensuring the resumption of T2S Services which were discontinued due to a high-impact disruption of normal business operations affecting a large metropolitan or geographic area and the adjacent communities that are economically integrated with it. In addition to impeding the normal operation of financial industry participants and other commercial organisations, major operational disruptions typically affect the physical infrastructure.

Disasters are events which are unforeseeable, unavoidable and beyond the reasonable control of the T2S Actor affected by the event and which has not been foreseen (“Force Majeure”).

Disaster recovery services ensure that the T2S Services can be recovered in an alternate region within the times defined in the Service Level Agreement. The T2S Business Application is
installed in two separate regions and the data in the two regions are mirrored in asynchronous mode. Regional disaster recovery procedures are defined to restart the solution and the applications in the alternate region. Additionally, T2S uses a “periodical rotation” procedure to ensure that all staff are properly trained and both regions are capable of hosting the T2S Services. T2S has defined a crisis management process to coordinate all activities in crisis situations. The crisis management process guarantees effective coordination of activities within all the involved organisations and appropriate communication, i.e. early warning and clear instructions to all concerned, if a crisis occurs.

9.5. T2S SD.SUP 050: Archiving services

T2S provides a central archive for its own purposes covering a 10-year period. The T2S central archive includes T2S static and transactional data. T2S archives immediately all incoming and outgoing messages and files in their original format. After three months, T2S archives all instructions (settlement instruction, cash movements) as well as Common Static Data, billing and audit data.

In order to ensure the integrity of static and transactional data, Common Static Data revisions and Common Static Data history remain in the operational databases until the archiving procedures moves the transactional data that reference it into the archiving database. CSDs, Central Banks and T2S Operators have direct access to archived data via A2A or U2A interfaces. Provided it is duly authorised by its Central Bank, a DCA holder has direct access to archived data of relevance to it. Other T2S parties have to request their Central Banks to retrieve and provide archived data to them.

9.6. T2S SD.SUP 060: T2S service desk services

T2S service desk provides a single, central point of contact for the CSDs, Central Banks, DCPs (if so authorised by their CSD), or DCA holders (if so authorised by their NCB) for handling all incidents, queries and requests related to business, functional or technical issues related to T2S. The T2S service desk is accessible 24 hours a day on T2S operating days. The Service Levels differ depending on the time of day.

On the basis of the complexity level of the service request/ enquiry, the T2S service desk guarantees different response times, in accordance with the response time matrix as published in the Service Level Agreement. Service Levels are measured against this matrix. All enquiries are recorded, and confirmations are provided to CSDs, Central Banks or DCPs (if duly authorised by their CSDs) when service requests are received.

T2S has ITIL-based problem and incident management processes in place:
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- Incident Management - Incident Management captures the details of all incidents reported, implements temporary work-arounds and manages the resolution of incidents. Its goal is to restore normal service operation with minimum disruption to the business.

- Problem Management - The goal of Problem Management is to minimize the adverse impact of incidents and “known errors” on the business. The main focus of Problem Management is to identify the root cause(s) of incidents and to eliminate these if this is possible. While problems are being resolved Problem Management may produce temporary ‘work-arounds.’

An incident is defined as an event which is not part of the standard operation of the T2S Service and which cause, or may cause, an interruption or a reduction of the quality of that service. Incidents must be resolved immediately and are not part of the Change and Release Management.

A problem is defined as an abnormal state or condition at the component, equipment, or sub-system level, which may lead to a failure in T2S that produces incorrect or unexpected results, showing a discrepancy between the relevant specifications and the actual results. Based on reported and acknowledged problems, and their criticality, T2S and the CSDs agree how to resolve them. A problem can result in a Change Request.

9.7. T2S SD.SUP 070: Service Level management services

T2S uses a Service Level Management process to maintain and improve service quality through a constant cycle of agreeing, monitoring and reporting of service achievements and instigating actions to correct non-adequate service delivery.

T2S provides reports on actual Service Levels achieved on a monthly basis. For each service indicator as defined in the Service Level Agreement, the performance achieved is compared with the target values. These reports are provided in accordance with the rules laid down in the Service Level Agreement.

9.8. T2S SD.SUP 080: Invoicing services

Invoicing services in T2S consist of:

- Automatically calculated invoices that are set up on a regular basis
- On demand: Ad hoc invoicing in special cases (for CSDs / Central Banks and / or customers of CSDs / Central Banks)

For both types of invoices, i.e. T2S invoice to CSDs and CSD invoicing support, the Invoice cannot be amended or adapted. Only

- approval
- cancellation and
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- (re-) generation are defined actions.

If a T2S Actor needs to receive a prior invoice (again), it can do so via a query in both A2A and in U2A mode.

9.8.1. T2S SD.SUP 081: T2S invoicing to CSDs and Central Banks service component

T2S automatically calculates invoices based on fees in accordance with the current T2S Tariff Structure and Price List. T2S invoicing reflects changes in the T2S Tariff Structure and Price List, which may be implemented at any time, but become effective only at the beginning of a billing period.

The invoice is calculated at the beginning of each calendar month for the past calendar month.

All prices are calculated in Euro and VAT regimes in the different countries are taken into account, in case VAT needs to be included. Invoices and the underlying information are archived. CSDs and Central Banks receive a summary invoice, showing aggregate data for each billing item.

The prices for instructions are always charged to the CSDs of the two counterparties involved in a settlement instruction. Each Security Account and DCA needs to be assigned unambiguously to one CSD or Central Bank for the billing of the fixed fees.

Invoices are sent out once via push mechanism to the technical address which is defined in the Common Static Data. The invoice can also be queried using the GUI. As an additional service, ad hoc billing is possible in special cases.

Changes in the Pricing scheme may be implemented at any time, but become effective only at the beginning of the next billing period.

9.8.2. T2S SD.SUP 082: CSDs / Central Banks invoicing support service component

T2S supports the CSDs/ Central Banks by enabling them to invoice their clients in accordance with their individual tariff structures. To that end, as part of the T2S information services, a CSD/ Central Bank may query any of its assigned accounts, but no others.

T2S provides counters for all settlement process steps and instances as enumerated and described in the T2S data model. As part of the CSD/ Central Bank invoicing support service, each CSD/ Central Bank is able to query this level of data for each of its customer accounts.

T2S transmits details to the CSD/ Central Bank via a report based on an event at the end of the invoicing period. The CSD/ Central Bank invoicing support report provides additional information on billable items at the level of each customer account as an itemised list. This is
either sent in push mode or made available for pull mode.

Furthermore, on a monthly basis T2S provides a standard report containing all detailed transactional data and counters for each CSD/ Central Bank which is available only to the respective CSD/ Central Bank in pull mode. Each CSD / Central Bank receives only the data related to its and its DCPs interactions with T2S, i.e. the invoicing support report is CSD-/ Central Bank - specific and does not contain any data or information concerning any other CSD/

CSDs may change parameters/configuration (i.e. rules for CSD validation hold/reject and the CoSD functionality) or reference data (i.e. ISIN, Security Account) without launching the Change and Release Management, although these actions may be subject to operational procedures, in particular if there is an impact on any other T2S Actors.

T2S uses ITIL based processes for Change and Release Management: These services encompass all stages of the Change Lifecycle from initiation and recording, through filtering, assessment, categorization, authorization, scheduling, building, testing, implementation and ultimately their review and closure.

The Eurosystem has established a Change Review Group (CRG) to evaluate the information provided in the Change Request and in the preliminary assessment (especially checking its consistency and completeness across all Change Requests) and to prepare for the change authorisation or rejection decision. The CRG is responsible for building and maintaining the scoring mechanism as a tool for facilitating the definition of the content of each T2S release and making proposals for, reviewing and monitoring the content of T2S releases as well as any changes to any agreed release.

Changes in T2S, which are subject to the Change and Release Management, are defined as changes on T2S functionality and/or to the Scope Defining Set of Documents. Changes may arise for a number of reasons:

- Innovation and improvement – the introduction of new services/ technical capability
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1939   New functionality to meet business needs of T2SParties
1940   Changes in law or in regulatory (including fiscal) requirements
1941   Clarifications/corrections to functional and/or technical documentation/gaps in line with
1942  the user requirements
1943  
1944  T2S distinguishes between the following types of changes:

- according to beneficiary:
1945   Common Changes include new features, functionalities or services which are
1946  implemented for the benefit of – and available without restrictions to – all T2S Actors.
1947  They have an impact on all T2S Actors and the costs are shared by all T2SActors.
1948   Specific Changes are any new feature, functionality or services which is not implemented
1949  as a Common Change, but which some CSDs/CBs wish to implement, and to which the
1950  other CSDs/CBs do not object. The costs of these changes are shared only by the entities
1951  using the feature, functionality or service, which is changed. The functionality is used
1952  only by the supporting parties but is made available to all T2S Actors.

- according to urgency:
1953   Normal changes are changes that can be planned and go through the whole Change and
1954  Release Management before being implemented into the live environment.
1955   Fast-track Changes are changes that are imposed by Legal and Regulatory Requirements,
1956  or by CSG resolutions related to risk management requirements, or changes that are
1957  critical for the stability of the T2S Platform or by Central Bank decisions related to
1958  safeguarding the currency/-ies or related to crisis management measures to ensure
1959  financial stability and that, owing to the time constraints, have to be implemented in a
1960  shorter timeframe than normal, which will be decided on an ad-hoc basis, as specified in
1961  Schedule 9. These changes will also go through the normal CRM process, however, the
1962  length of the different process steps will be shortened on an ad-hoc basis, in particular for
1963  preliminary and detailed assessment.

1964  Each change will be categorised based on the following parameters:

1966   Legal/Business importance
1967   Market implementation efforts
1968   Operational/technical impact
1969   Financial impact for T2S

1970  Every initiated Change Request is identified via a Change Request identifier. All Change
1971  Requests are published and made available to all duly authorised T2S Actors in accordance with
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the agreed Governance arrangements and the agreed Change and Release Management, specified
in Schedule 9 to the Framework Agreement and the Currency Participation Agreement.

In certain cases an incident may result in an urgent intervention on T2S aiming to ensure a quick
restoration of T2S Services. On account of its urgency, such an intervention cannot be processed
via the normal Change and Release Management. These Fast-track Changes are therefore
processed via faster operational procedures as defined and further detailed in the Manual of
Operational Procedures (MOP).

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9.9.2. T2S SD.SUP 092: Release Management service component

Once the changes have been duly authorised for implementation, they are bundled and assigned
to future T2S releases. The term “Release” is used to describe a collection of authorised Change
Requests which consist of enhancements to the T2S Service and/or a number of bug fixes which
are implemented into the production environment. A scoring mechanism is applied to identify all
authorised changes and bug fixes for a specific release. The Release Management services
include the planning, design, build, configuration and testing of T2S software and hardware
needed for the implementation of the changes to create a set of release components.

The Release Management services ensure that all aspects of a change, technical and non-
technical, are considered together. The main objective is to deliver, distribute and track one or
more changes intended for simultaneous release into T2S operations while protecting the
integrity of the T2S production environment and its services. Release Management services
ensure that authorised changes and bug fixes that have been agreed as part of a release are secure
and traceable, and that only correct, tested and authorised versions are installed into the
production environment. Furthermore, through Release Management any amended legal or
contractual obligations T2S has to comply with will be implemented.

Before implementing any release, T2S performs T2S-internal acceptance tests to verify that the
system operates as predicted and fulfils the requirement and the functional specification of the
Change Request.

Once T2S-internal acceptance test is finalised, T2S provides the CSDs and Central Banks with
the test results and confirms the readiness of the T2S testing environments for the T2S User
Testing. The test calendar is agreed with the CSDs and Central Banks, and information is
provided on the testing activities, and regarding the availability of the testing environments.

The release is verified in accordance with the Governance arrangements, with the involvement of
the CSDs and Central Banks once the exit criteria of the verification process have been
completed successfully.

The delivery of the application software release into the production environment is the final step
in the Release Management.

T2S provides and updates T2S User Documentation as part of the Release Management.
9.10. **T2S SD.SUP 100: Test and training services**

The objectives of the T2S User Testing are:

- to ensure that T2S fully meets user requirements as expressed in the Change Requests of the relevant release, as well as the functional and non-functional specifications agreed by T2S,
- to guarantee the readiness of the CSDs, Central Banks and its DCPs to operate in accordance with the agreed release.

T2S provides diverse testing environments for T2S Actor testing activities:

- one for the CSD/ Central Bank wanting to test changes in their own applications against the current T2S operating environment,
- other(s) for the CSD/ Central Bank to test future T2S releases.

The T2S testing environments are sized and prepared for interconnection with the testing environments of the T2S Actors via test networks. T2S reserves the right to block one environment for its own regression testing of new releases.

The security levels of the testing environments are the same as for the T2S production environment. The testing environments have a substantially lower technical capacity compared to the production environment. This capacity can be increased to cover specific testing needs (e.g. high-volume tests during the Community testing and the Business Day testing stages). During the T2S User Testing execution phase, the T2S operating procedures reflect as much as possible those that are agreed for live operations.

T2S testing environments use the same problem and incident processes as the operating environment.

### 9.10.1. T2S SD.SUP 101: Testing service component

T2S delivers training services to the CSDs, Central Banks and DCPs based on the “train the trainer”-concept. The exhaustive and self-explanatory T2S training documentation shall facilitate in-house training at CSDs, Central Banks and at their participants. The scope of T2S training sessions covers aspects of the day-to-day activities of technical, functional and operational nature as well as one-off activities for the testing of and migration to T2S.

T2S provide the CSDs and the Central Banks with the T2S Training Framework, on the basis of which T2S defines and elaborates the T2S Training Packages. Depending on the training delivery strategy and mode selected (inherent in the T2S Training Framework), T2S guides, delivers and provides support for the T2S training for the CSDs and for the Central Banks.
The T2S Training Framework is elaborated and rolled out so that a timely and efficient knowledge transfer to the end-users of T2S can be accomplished. The T2S Training Framework further clarifies and details all organisational and planning aspects related to the training.
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SCHEDULE 6

T2S SERVICE LEVEL AGREEMENT
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1. Introduction

This Service Level Agreement (SLA) documents the commitments of the parties named below to each other, in particular the service levels under which the Eurosystem will provide the relevant T2S services to the Connected Central Banks (and vice versa), which have entered into the Currency Participation Agreement with the Eurosystem.

Annex 1 (Management of non-functional changes) to this document covers the process to manage non-functional changes needed to maintain the agreed service levels, or to increase them as a result of the SLA review process.

This SLA assigns responsibilities to and describes interactions between the parties. This SLA defines the agreed service levels for the provided services. The legal rights and obligations between the parties that apply when the service level is not reached, are specified in the provisions laid down in the Currency Participation Agreement.

This SLA is part of the legal arrangements between the Eurosystem and non-euro area Central Banks, under the Currency Participation Agreement. Unless explicitly mentioned this SLA is the same as the one concluded with all other Connected NCBs. It is the intention of both parties to reach the highest possible level of harmonisation between all SLAs. It is intended that the commitments of the Eurosystem and the Connected NCBs set out in chapters 2, 3, 4, 7 and 8 will not be altered without mutual agreement. The commitments in chapters 4.4.4 and 6 will be subject to the amendment process defined in the CPA.
2. Parties, commencement date and review

2.1 Identification of the parties

The parties to this Service Level Agreement are those indicated in the core Currency Participation Agreement, i.e. the Eurosystem and the [NCB].

As a matter of fact, the Dedicated Cash Account (DCA) Holders do not have a direct legal relationship with the Eurosystem for the use of T2S Services. Nevertheless, they will obtain certain rights and be subject to certain obligations from this SLA through the mandatory inclusion of certain provisions in their legal arrangements with their Connected NCB(s). These provisions are explicitly reflected in section 4.2 of this SLA.

2.2 Scope

This SLA relates to the production phase of T2S, as well as to the User Testing phase prior to the migration of the [NCB] to T2S. Consequently, this SLA refers to the T2S production environment and its accompanying test environments both before and after migration. It covers the full range of services as described in Schedule 5 (T2S Service Description) for each of the service classes, i.e. Settlement Services, Liquidity Management Services, Static Data Management Services, Information Services, Connectivity Services, and Operational and Support Services. In addition, this SLA covers the relevant service commitments from the Eurosystem with respect to the support of the User Testing activities as specified in Schedule 3 (User Testing).

2.3 Commencement date

This SLA shall enter into force as from the day the [NCB] starts its User Testing activities on the T2S Platform. More specifically, as from that day until the [NCB] migrates, the provisions with respect to the T2S test environments as specified in chapter 5 will apply. After the migration, these provisions shall apply again from the day any new release is made available in this environment until the go-live date of this new release.

In addition, as from the start of the first T2S Settlement Day, the Eurosystem is committed to deliver the T2S Services according to the Key Performance Indicators (KPIs) as specified in section 4.2 of this SLA. During the bedding-down period both parties shall aim to fulfil their obligations on a best effort basis, using all reasonable means and in a constructive spirit. The purpose of the bedding-down period is to fine-tune the operational procedures and the [NCB]’s
usage of T2S in a way that ensures that both parties will be able to fulfil their obligations according to the agreed service levels.

The bedding-down period shall start on the first Settlement Day of the migration period and shall last for a period of six months after the end of the migration period. Its duration may be shortened or prolonged upon agreement by the parties according to the usage patterns of the T2S service.
3. Service responsibilities

3.1 Eurosystem’s responsibilities

The Eurosystem must:

a) establish the T2S service desk as a Single Point Of Contact (SPOC) for the [NCB] (for technical and operational problems) and provide its contact details (e-mail, mobile phone, telephone, fax);

b) support the [NCB] in the operational management of its technical connection and that of its DCA holders if needed;

c) ensure the permanent reachability of a T2S Crisis manager, T2S Operator’s Crisis manager, Service manager and T2S co-ordinator and provide their contact details (e-mail, telephone, fax);

d) be able to extend the cut-off time for cash transfers in the currency provided by and at the request of the [NCB], in accordance with the provisions of the MOP;

e) refrain from scheduling T2S downtimes without pre-advice and green light of the Connected NCBs outside the normal Maintenance Windows;

f) announce planned non-functional changes according to provisions specified in Annex 1 to this Schedule;

g) provide on-line access to information to allow the [NCB] to track and follow up all incidents, problems and enquiries related to or impacting the [NCB];

h) provide a monthly Service Level Report to the Contracting [NCB] according to the provisions in section 7 of this SLA;

i) manage the impact on the [NCB] and the T2S Service as a whole caused by any party making unusual demands on capacity by:

   a. contacting the service user without delay if the latter or one of its clients consumes system resources to an extent that exceeds the forecasted capacity and might prevent the Eurosystem from delivering the agreed service to other service users;

   b. denying (up to and including temporary disconnection) access to a service user or one of its clients (according to the conditions and procedures defined in the MOP), if he is threatening the stability of the platform impacting other service users and does not respond effectively to the Eurosystem’s request to reduce the unusual capacity demands;
Currency Participation Agreement

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j) deny the service by disconnecting any service users that did not respond effectively to a request from the Eurosystem to reduce the unusual capacity demands and that continues to threaten the stability of the platform with impact on other service users (according to the conditions and procedures defined in the MOP), until the service user has demonstrated that the threat no longer exists;

k) ensure an adequate long-term planning for capacities corresponding to the requirements laid down in section 7 of this SLA;

l) inform the [NCB] if technical problems with one of its T2S Dedicated Cash Account Holders are detected that might have an impact on the [NCB] as well;

m) maintain documentation pertaining to Crisis management and provide it to the [NCB] on request or after any change;

n) support the [NCB] in business continuity testing if required (subject to prior agreement).

During normal operation the T2S co-ordinator (appointed by the Eurosystem), the T2S Service manager (appointed by the T2S Operator) and the CB settlement managers (appointed by each Central Bank), will apply the procedures specified in the Manual of Operational Procedures (see also section 3.3). In addition, the Eurosystem stands ready to provide through the T2S Service Desk

- information on technical and operational issues, in particular concerning the T2S application and platform;
- information on T2S functionality;
- up-to-date information concerning the T2S application and platform, if need be.

If a Crisis situation, as described in art. 23.1 of the Currency Participation Agreement, arises within the domain of the Eurosystem, the latter will inform the [NCB] according to the agreed response times (see chapter 4.1.4.3).

In addition, the following provisions will apply in such case:

- The Eurosystem will take all necessary actions to restore the T2S Service according to the agreed business continuity procedures as defined in the MOP. These procedures are based on the following key principles:
  - Any settlement in T2S before the incident will continue to have the legal effect specified in art. 20.1 of the Currency Participation Agreement.
  - If a data loss materialised, the recovery will be done together with the [NCB] by procedural means.
Currency Participation Agreement

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- As soon as the Eurosystem identifies the need to switch to the other site in the same region, or to fail-over to the standby region, the T2S co-ordinator initiates a teleconference to inform the settlement manager of the [NCB] about the nature of the event triggering the failure, the nature of the failure and the envisaged plan to recover from the failure.
- The Eurosystem will keep the settlement manager of the [NCB] informed about the progress of the failover activities, and in particular when T2S is available again for normal operations.
- The Eurosystem may decide to gradually re-open T2S, in which case it will seek the approval of the [NCB].
- In case T2S cannot be restarted without a potential data gap, the Eurosystem will first re-open T2S for the purpose of reconciliation only, and will co-ordinate these reconciliation activities.
- During this reconciliation phase, the [NCB] is responsible to verify the status of its T2S records, and to re-send instructions with the aim to bring the T2S records consistent with its internal records. This includes also changes to the T2S records that happened as a result of an interaction with a DCA holder belonging to the [NCB]. It is up to the [NCB] to agree with its DCA holders how this is organised.
- The Eurosystem and the [NCB] will co-operate in good faith and will - if necessary - agree on additional measures with the aim to close the data gap.
- The Eurosystem will seek the agreement of the [NCB] to re-open T2S for normal operations.
- The Eurosystem will provide any service described for normal operations, but balancing this with the need to restore the service.
- The Eurosystem will provide reports on unresolved incidents.

Detailed procedures for incident priority setting and incident handling will be specified in the Manual of Operational Procedures (MOP).

3.2 Responsibilities of the [NCB]

The following responsibilities are accepted by the [NCB] in order to allow the Eurosystem to meet the agreed Service Levels.

The [NCB] must:
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a) appoint and ensure the permanent reach ability of a settlement manager and a Crisis manager as contacts for the Eurosystem and provide their contact details\(^2\) (e-mail, telephone, mobile phone, fax);

b) provide contact details for technical staff that is capable of resolving technical issues with their (directly connected) Dedicated Cash Account Holders (e.g. staff belonging to the DCA Holders’ organisation);

c) inform the relevant DCA Holders

   a. before requesting the Eurosystem to extend the cut-off time for cash transfer in the currency provided by the [NCB],

   b. before preventing additional cash to be transferred to the Dedicated Cash Accounts, and

   c. before draining a significant amount of cash from the Dedicated Cash Accounts back to the RTGS system;

d) have a local service desk to support all its Dedicated Cash Account Holders during normal business hours;

e) proactively report within a reasonable time any problem or incident relating to T2S including connectivity problems, provide all information that might be helpful and cooperate where requested by taking all appropriate actions for solving the problem or incident;

f) provide timely information on any changes that may affect the [NCB]’s ability to interact with T2S as expected;

g) ensure an appropriate use of T2S, interaction with its systems and that the personnel who works on T2S and its own systems and equipments is accordingly qualified and suitably trained;

h) ensure availability of skilled staff within a pre-agreed time period in order for the Eurosystem to obtain support in handling incidents and/or reducing their impact on the service;

i) be able to resend – at the request of the Eurosystem - all messages already sent after a specified recovery point during the same Settlement Day (approx. two minutes - in particular in case of disaster recovery scenarios with possible data loss);

j) keep all access rights it has registered for access in T2S consistent with all relevant user information;

\(^2\) At the Connected NCB’s discretion, the Settlement Manager and the Crisis Manager can be the same person.
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183 k) provide all DCA holders with all relevant information to facilitate their smooth migration
to and functioning in T2S;
185 l) ensure the operational management of its own organisation and systems and impose
similar requirements on its customers including DCA holders, as far as applicable;
187 m) use reasonable efforts to ensure its connectivity with T2S and require the same of its
DCA holders, as far as applicable according to Article 30;
189 n) take part in the test process for new releases in the test environment;
190 o) co-operate with the Eurosystem by promptly reporting any difficulties however small
following each release into the production environment;
192 p) support the Eurosystem in business continuity testing if required.

3.3 Operational procedures

The Manual of Operational Procedures (MOP) will provide a reference guide for the operational
procedures (in normal and abnormal situations) which the directly connected T2S Actors
(including the [NCB]) and the Eurosystem should follow to ensure a smooth functioning of T2S.
It will contain all the information required for the addressees to carry out all their tasks in normal
and abnormal situations.

The day-to-day operational management of T2S will be handled at two levels. First, the T2S co-
ordinator, the service manager and the CB settlement managers (jointly called settlement
managers) will jointly perform the tasks and apply the procedures as specified in the MOP.
Second, the T2S Crisis manager, the T2S Operator’s Crisis manager and the CB Crisis managers
(jointly called “the Crisis managers”) will make the decisions allocated to them in the MOP, and
will take over the management of T2S in situations that are not covered in the MOP. The Crisis
managers will be assisted and advised by the settlement managers in that case.

The MOP will also cover the Business Continuity and Disaster Recovery arrangements, i.e. the
set of rules and procedures aimed at resuming the normal T2S Services after the occurrence of an
incident, as well as at mitigating the impact of such incident.

The key principles for the incident management can be summarised as follows:

If the [NCB] detects an incident that is related to or might have an impact on the T2S Services, it
will inform the Eurosystem without undue delay.

If the Eurosystem detects an incident, it will be communicated to the [NCB], if a direct or
indirect impact is possible.
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If an incident is reported by a DCA holder of the [NCB], the Eurosystem will inform the latter without undue delay, and keep the [NCB] informed about the resolution path of such incident. Any action to escalate such incident, will be undertaken in close co-operation with the [NCB].

Both sides will co-operate to reduce the impact of an incident.

When the relevant incident management procedures have been defined in the MOP, the T2S co-ordinator (appointed by the Eurosystem), the T2S service manager (appointed by the T2S Operator) and the involved CB settlement managers (appointed by each Central Bank) will co-operate in good faith to follow those procedures and exchange all relevant information.

When the incident cannot be handled within the procedures specified in the MOP, the T2S Crisis manager (appointed by the Eurosystem), the T2S Operator’s Crisis manager (appointed by the T2S Operator), and the CB Crisis managers (appointed by each Central Bank) will decide – in accordance with the applicable governance arrangements – which measures will be taken to mitigate the impact of the incident and to resume normal operations.

Both sides will co-operate in analysing the root-cause for an incident.

Both sides will co-operate in analysing the management of the incident and updating the MOP should it be found lacking in any way.

The Eurosystem will report on the results of the root-cause analysis. An initial report will be provided within two Settlement Days. An interim report will be provided within one week and a final report within two weeks.

In situations of market-wide financial turbulence, the T2S Co-ordination function stands ready to support the [NCB] as described in the CPA (on a best effort basis).

Whether or not a request to change a cut-off time, either from the Eurosystem or from the [NCB], is related to an incident, the Eurosystem will involve the CB settlement managers and/or the CSD Crisis managers in making such decision, according to the procedures further specified in the MOP.

22 December 2018
4. Service Level targets in the production environment

This section describes the Key Performance Indicators (KPIs) agreed for the delivery of the T2S Services during normal operations (arrangements for Crisis Situations see under “IT Service Continuity”). As a general principle, the Eurosystem has to ensure that sufficient efforts are made to fulfil all KPIs, and must take remedial action as soon as it detects that a KPI may not be, or is not, fulfilled, and he has to ensure that sufficient efforts are made to fulfil the KPI.

The [NCB] is committed to provide all reasonable support to the Eurosystem, in order to allow the latter to take such action.

T2S is a service shared between several service users. All specified service levels are therefore multilateral service levels, i.e. they define the service provided to the community of service users as a whole. Nevertheless, the service level reporting will contain the achieved bilateral service levels for the [NCB] in addition to the achieved multilateral service levels. For this bilateral reporting, the service levels reported for the [NCB] will include the service levels obtained by its DCA holders.

4.1 Definitions of Service Level indicators

This chapter provides a common definition of the service level indicators. Section 4.1.1 covers availability, and 4.1.2 and 4.1.3 list the areas identified as requiring Service Level Indicators covering system performance. 4.1.4 and 4.1.5 cover support and recovery issues. The actual agreed levels are stated for each service individually in section 4.2 below.

4.1.1 Service availability

Objective:

These indicators define the times during which the T2S Services are available in relation to the T2S Settlement Days.

4.1.1.1 Availability Period

The Availability Period is the time period during the T2S Settlement Day when the service is expected to be available to the [NCB]. The start and end time of the availability period is based on business events on the T2S Platform. Any times stated are indicative and could be altered in certain circumstances according to the Procedures specified in the Manual of Operational Procedures (e.g. delay of the end-of-day).
4.1.1.2 Substantial Delay

If an event defined in the T2S daily schedule is likely to be implemented later than the scheduled and has a potential impact on the [NCB], the Substantial Delay will define for each event the maximum delay that will be tolerated by the Connected NCBs. Any delay exceeding the Substantial Delay will be communicated to the [NCB]’s service desk immediately.

Any delay not exceeding the Substantial Delay is not actively communicated to the [NCB]’s service desk, but is available for querying on the T2S platform.

4.1.1.3 Availability

Definition:

A service is considered to be available when it responds and operates according to its definition in the Service Description and its functional description in the User Detailed Functional Specification (UDFS chapter 1).

Measurement:

The availability of the services is measured continuously and objectively at pre-defined components of T2S, throughout each Settlement Day with the exclusion of the Maintenance Window.

The measurement of downtime is based on auditable data collected either automatically or manually. Manual measurements will be used in situations where no automatic log entries are available (e.g. power failure).

Downtime is the time between the start of an incident that causes the unavailability of a service and the closing of the incident that caused the downtime, i.e. when the service has been restored. In case of multiple incidents at the same time the downtime begins with the start of the first incident and ends with the closing of the last incident.

Calculation:

\[
a_i = \left(1 - \frac{d_i}{T_{m}}\right) \times 100
\]

\[
a = \sum_{i=1}^{n} a_i \times w_i
\]

Where:

- \(a_i\) = availability of the service \(i\) as percentage
- \(d_i\) = cumulative downtime of the service \(i\) for the reporting period
The availability of a service is expressed as a percentage of the aggregated downtime in relation to the aggregated expected up-time during the reporting period. The calculation is based on minutes.

The weights of the service \( w_i \) used in the KPI calculations will be documented in the T2S Manual of Operational Procedures (T2S MOP), as amended from time.

4.1.2 System performance

Objective:

These indicators define the system performance the [NCB] is expecting from the T2S Platform. T2S will be sized as a single shared environment on the basis of data supplied by service users (see chapter 6), with a margin for exceptional peaks (see 4.2.2).

If the volumes processed in production exceed the estimated T2S system capacity, i.e. ceiling (see chapter 6), service performance commitments are not binding for the Eurosystem. In such scenario the operational day shall not be affected, the T2S platform shall function without incident and without the potential need of actions from the [NCB].

In case the volumes exceed also the margin envisaged for the exceptional peaks (see 4.2.2), the service performance commitments are also not binding. In such scenario service performance breaches may occur and incident management procedures will be followed with the potential need of actions from the [NCB] to resolve the incident.

4.1.2.1 Business Validation Time

Definition:

The Business Validation Time is the time that elapses between the reception of an instruction by T2S and the end of the business validation process, i.e. the time when T2S triggers the generation of the acceptance or rejection message.

Measurement:

The Business Validation Time is measured based on timestamps created by the T2S network interface and the timestamps stored as part of the audit trail in the T2S database. The instructions that are checked either against restriction types configurations with more than 10 market-specific attributes or a restriction type rule with more than 5 market-specific attributes, as well the instructions with linked instructions above 50 are excluded from the calculation.
4.1.2.2 Liquidity Transfer Settlement Time

**Definition:**

The Liquidity Transfer Settlement Time is the time that elapses between the end of the creation of the business objects (i.e. after the transfer is received by the T2S Middleware) and the end of the settlement operation. The end of the settlement operation is marked by the time T2S triggers the generation of the settlement status notification message.

**Measurement:**

The Liquidity Transfer Settlement Time is measured based on the time that elapses between the end of the creation of the business objects (i.e. after the transfer is received by the T2S Middleware) and the end of the settlement operation.

**Additional remarks:**

For the T2S settlement process several cut-off times have been defined. The T2S platform will ensure that each liquidity transfer instruction that has been sent and acknowledged before the relevant cut-off time will get a settlement attempt.

4.1.2.3 Static Data Processing Time

**Definition:**

The Static Data Processing Time is the time that elapses between the end of a successful business validation and the end of the processing of this request.

This indicator is relevant only for all types of maintenance instructions for Static Data.

**Measurement:**

The Static Data Processing Time is measured based on timestamps stored as part of the audit trail in the T2S database.

**Additional remarks:**

During Batch Settlement certain types of static data maintenance requests might be queued to ensure the consistency of the settlement processing. In these cases the processing is considered complete after the creation of a new revision for the relevant entities even though this revision is only activated at a later point in time.
4.1.3 Response times

Objective:

Time indicators provided in the following sections are always measured within the T2S perimeter under the responsibilities of the Eurosystem as shown by the dashed line in the diagram below. The actual transmission time of the data via the network between T2S and the [NCB] is not included in the response time.
The response time indicators define the time period between the reception of a request and the corresponding response of the T2S Platform. All performance indicators are measured during each T2S Settlement Day during the time window when the information services are expected to be available.
Additional remarks:

All messages that have been queued during the Maintenance Window and queries that have been queued during Batch Settlement will not be included in the calculation of the response times.

Simple Queries and Complex queries are those referenced as such within the User Detailed Functional Specifications.

4.1.3.1 A2A Query Response Time

Definition: For A2A query requests the response time is defined as the time elapsed between the reception of the query request message and the completion of the sending out of the corresponding result message (see diagram above).

Measurement: The response times for A2A queries are measured using the timestamps generated by the T2S network interface.

4.1.3.2 A2A Message Response Time

Definition: For all A2A requests other than A2A Queries the response time is defined as the time elapsed between the reception of the request message by T2S and the sending out of the corresponding acknowledgement message (see diagram above).

This KPI does not apply for request messages sent within files.

Measurement: The response times for A2A requests are measured using the timestamps generated by the T2S network interface.

4.1.3.3 U2A Response Time

Definition: For all U2A requests the response time is defined as the time needed by the system to generate a web (HTML) page (i.e. the time it takes the server to generate the page, plus the time it takes the proxy to download the content from the server).

Measurement: For U2A requests the response time is measured by the T2S Platform within the Eurosystem’s domain. In order to limit the effect of queries with a large number of business objects retrieved
the response time is computed assuming that the duration of each U2A request is equal to the monthly average response time of that kind of web page.

4.1.3.4 Online Storage Period

The Online Storage Period defines the minimum time T2S keeps Transactional and Central Bank Static Data available online. The Transactional Data entities this period starts when the entity reaches its final status (i.e. settled, cancelled, etc.). For Static Data entities this period starts when the entity is no longer active and no longer referenced from a Transactional Data entity.

4.1.3.5 Archiving Period

The Archiving Period defines the minimum time T2S keeps Transactional and Central Bank Static Data available in an archive for retrieval by the [NCB]. For Transactional Data entities this period starts when the entity reaches its final status (i.e. settled, cancelled, etc.). For Central Bank Static Data entities this period starts when the entity is no longer active and no longer referenced from a Transactional Data entity.

4.1.3.6 Archive Retrieval Response Time

Definition:

The Archive Retrieval Response Time is defined as the time elapsed between the reception of an archive retrieval request and the sending out of the corresponding notification that the data is available for download.

Measurement:

The Archive Retrieval Response Time is measured using the timestamps generated by the T2S network interface.

4.1.4 Support hours and incident response times

Objective:

These indicators define the response times of the T2S service desk in relation to the type of incident/request and the T2S Settlement Days. An incident is defined as any event which is not part of the standard operation of a service and which causes or may cause an interruption or a reduction in the quality of that service.

Incidents will be categorised in the following priority classes, irrespective of whether they are reported by the [NCB], or by one of its DCA holders:
### Incident Priority

<table>
<thead>
<tr>
<th>Priority</th>
<th>Severity</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority 1</td>
<td>Critical</td>
<td>Complete unavailability of all T2S Services</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Complete unavailability of one or more T2S Services for which no workaround is available.</td>
</tr>
<tr>
<td>Priority 2</td>
<td>Urgent</td>
<td>Unavailability of a T2S Service, but a workaround is available</td>
</tr>
<tr>
<td>Priority 3</td>
<td>Medium priority</td>
<td>All T2S Services are available, but some are experiencing performance problems</td>
</tr>
<tr>
<td>Priority 4</td>
<td>Low priority</td>
<td>Query or service request</td>
</tr>
</tbody>
</table>

#### 4.1.4.1 T2S Settlement Day

**Definition:**

A T2S Settlement Day is a day on which all T2S services are planned to be running.

#### 4.1.4.2 Support Hours

**Definition:**

The T2S service desk can be contacted via telephone or e-mail by the [NCB]. During Standard Support Hours the T2S service desk can be contacted to communicate technical or business problems on the [NCB]’s side, open tickets for failures of T2S and receive support by the Eurosystem. During Non-standard Support Hours the T2S service desk should be initially contacted via telephone to communicate information that is urgently needed or useful to avoid or limit any negative impact on daily operations, as e-mails will not be monitored during this time. Any e-mail request that is sent during this time will be processed during the next standard support hours only, unless it is pre announced by a telephone call and related to an ongoing incident of priority class 1 or 2, and started outside standard support hours (see above).

#### 4.1.4.3 Incident Response Time

**Definition:**

The Incident Response Time is defined as the time between the incident being detected or information about the incident received by the Eurosystem and the start of action to resolve the incident.
Currency Participation Agreement
Schedule 6 – T2S Service Level Agreement

464 Measurement:
465 Upon acceptance of an incident or service request the T2S service desk will assign a reference
466 number and a priority level to it. The reference number will allow the [NCB] to monitor the
467 incident’s status in the trouble management information tool.
468 Measurement is done based on the times recorded in the trouble management system.

469 4.1.4.4 Incident Resolution Time
470 Definition:
471 The Incident Resolution Time of an incident is the time between the start of action to resolve the
472 incident and the time it is actually solved or a workaround is available.
473 Measurement:
474 Upon acceptance of an incident or service request the T2S service desk will assign a reference
475 number and a priority level to it. The reference number will allow the [NCB] to monitor the
476 incident’s status in the online trouble management information tool.
477 Unless the [NCB] formally objects promptly, both times above are the times recorded by the T2S
478 service desk in the trouble management system.

479 4.1.5 Business Continuity and Disaster Recovery
480 Objective:
481 The Business Continuity and Disaster Recovery mechanisms for T2S are designed to manage
482 failures that require on-site recovery, alternate site recovery and alternate region recovery to
483 ensure a high availability of the T2S Platform.
484 Business Continuity and Disaster Recovery scenarios will be categorised in the following classes:

<table>
<thead>
<tr>
<th>Class</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minor failure</td>
<td>a short service interruption (e.g. due to component failures, a system reboot, or a line failure), which can typically be resolved by actions on the primary site.</td>
</tr>
<tr>
<td>Major failure</td>
<td>a serious service interruption (e.g. disruptions caused by fire, flood, terrorist attack or major hardware/ telecommunications faults), which requires the activation of the service in an alternative site.</td>
</tr>
</tbody>
</table>
4.1.5.1 Recovery time

Definition:

The Recovery Time (RTO = recovery time objective) is defined as the maximum acceptable time to restart the T2S Platform after a failure.

Measurement:

The recovery time is measured as the time between detection of an incident that causes the unavailability of the T2S Platform as a whole (or significant parts of it) and the time the incident is resolved or a workaround is in place.

Where the agreed procedures foresee a consultation or decision of service users, the time between informing the service users and the service users’ response is excluded from Recovery Time, as is the time needed for reconciliation of lost data (see incident handling in chapter 3.1).

For the avoidance of doubt, activating the service in an alternative site (major failure) will preserve the status of instructions and transactions, both settled and non-settled. Within the constraints set by the recovery point objective (RPO) (4.1.5.2 below), this also applies to the re-activation of the service in an alternative region (regional disaster).

4.1.5.2 Recovery Point Objective

Definition:

The Recovery Point Objective (RPO = recovery point objective) is defined as the maximum acceptable time interval for which data sent to and by T2S is lost when a restart takes place.

Measurement:

The Recovery Point is a point of consistency to which a user wants to recover or restart. The RPO is measured as the amount of time between the moment when the point of consistency was created or captured and that when the failure occurred.
4.1.5.3 Punctuality

Definition:

The punctuality of T2S is measured by counting the number of occasions when:

- the start of selected T2S business events are delayed for a time period exceeding the defined substantial delay (4.1.1.2);
- the duration of defined periods of the business day exceed agreed values.

Measurement:

The delays for the start of the event will be checked using the planned and the actual start time stamps for the relevant events as logged by T2S.

The following events are relevant for this calculation:

- Intraday Delivery versus Payment (DVP)\(^3\) cut-offs (one event per currency)
- Automatic Cash Sweep (GOLT)\(^4\) cut-offs (one event per currency)
- Change of the business day completed (BDCD)
- Start of Cycle 1 / Preparation of Sequence 0 (C1P0)

The following periods of the Business Day are relevant for the calculation of the KPI on the duration:

- Start of Day: from the start of the event BDCD to the end of the event End of Start of Day (ESOD)
- Night Time Settlement: from the start of C1P0 until the end of the NTS reporting (timestamps of the last message/file sent).
- Duration of IDVP: from the start till the end of the event IDVP.
- End of Day: from the Start of the End of Day (SEOD) until the End of Day Reports (EEOR)

4.2 Committed Service Levels for the production environment

4.2.1 Operational and support services

<table>
<thead>
<tr>
<th>Response times</th>
<th>90 days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online Storage Period</td>
<td></td>
</tr>
<tr>
<td>(4.1.3.4)</td>
<td></td>
</tr>
</tbody>
</table>

\(^3\) Please see Currency Participation Agreement Schedule 1 – Definitions.

\(^4\) Generate outbound liquidity transfer.
## Archiving Period

<table>
<thead>
<tr>
<th>Archiving Period (4.1.3.5)</th>
<th>10 years</th>
</tr>
</thead>
</table>

## Archive Retrieval Response Time

<table>
<thead>
<tr>
<th>Archive Retrieval Response Time (4.1.3.6)</th>
<th>72 hours</th>
</tr>
</thead>
</table>

## Availability

<table>
<thead>
<tr>
<th>T2S Settlement Day (4.1.4.1)</th>
<th>all calendar days except: Saturdays, Sundays, days where all the T2S settlement currencies are closed</th>
</tr>
</thead>
</table>

### Weighted Availability parameters (4.1.1.3)

<table>
<thead>
<tr>
<th>Service</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>A2A Connectivity</td>
<td>As defined in the T2S Manual of Operational Procedures (T2S MOP)</td>
</tr>
<tr>
<td>U2A Connectivity</td>
<td></td>
</tr>
<tr>
<td>Lifecycle Management and Matching</td>
<td></td>
</tr>
<tr>
<td>Settlement</td>
<td></td>
</tr>
<tr>
<td>Liquidity Management</td>
<td></td>
</tr>
<tr>
<td>Static Data Management</td>
<td></td>
</tr>
<tr>
<td>Statistics, Queries, Reports, Archive</td>
<td></td>
</tr>
<tr>
<td>Operational Services</td>
<td></td>
</tr>
</tbody>
</table>

### Weighted Availability value (4.1.1.3)

<table>
<thead>
<tr>
<th>Weighted Availability value</th>
<th>≥ 99.7 % / calendar month</th>
</tr>
</thead>
</table>

## Support hours and incident response times

<table>
<thead>
<tr>
<th>Standard Support Hours (4.1.4.2)</th>
<th>from 6:30 am to 8:00 pm CET on all T2S Settlement Days except: Catholic/Protestant Easter Friday, Catholic/Protestant Easter Monday, and 1 May</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Non-Standard Support Hours (4.1.4.2)</th>
<th>All times on T2S Settlement Days which fall outside the Standard Support Hours</th>
</tr>
</thead>
</table>
## Incident Response Time

(4.1.4.3)

<table>
<thead>
<tr>
<th>Incident Resolution Time</th>
<th>15 min. during standard support hours</th>
<th>60 min. during non-standard support hours</th>
</tr>
</thead>
</table>

## Incident Resolution Time

(4.1.4.4)

<table>
<thead>
<tr>
<th>Incident Priority</th>
<th>During standard support hours</th>
<th>Outside standard support hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2 hours</td>
<td>3 hours</td>
</tr>
<tr>
<td>2</td>
<td>Before the start of the next Settlement Day (minimum 2 hours)</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>2 Settlement Days or as agreed</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>5 Settlement Days or as agreed</td>
<td></td>
</tr>
</tbody>
</table>

## Business Continuity and Disaster Recovery

### Recovery Time: minor failure

(4.1.5.1)

<table>
<thead>
<tr>
<th>Recovery Time: major failure</th>
<th>&lt; 60 minutes (from the decision to failover to the 2nd site in the same region)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recovery Point Objective: major failure</td>
<td>No data loss</td>
</tr>
<tr>
<td>Recovery Time: regional disaster</td>
<td>&lt; 120 minutes (from the decision to failover to the other region)</td>
</tr>
<tr>
<td>Recovery Point Objective: regional disaster</td>
<td>&lt; 2 minutes data loss</td>
</tr>
</tbody>
</table>

## Maintenance Windows
## Currency Participation Agreement

### Schedule 6 – T2S Service Level Agreement

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Start of weekly Maintenance Window</strong></td>
<td>Saturday (or the calendar day following the last T2S Settlement Day in a week) 3:00 CET or after sending out the last report after the Batch Settlement (whatever comes later).</td>
</tr>
<tr>
<td><strong>End of weekly Maintenance Window</strong></td>
<td>Monday (or the first T2S Settlement Day in a week) 5:00 CET at the latest</td>
</tr>
<tr>
<td><strong>Start of daily Maintenance Window</strong></td>
<td>3:00 CET</td>
</tr>
<tr>
<td><strong>End of daily Maintenance Window</strong></td>
<td>5:00 CET</td>
</tr>
</tbody>
</table>

### Punctuality

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Substantial Delay (4.1.1.2)</td>
<td>10 minutes</td>
</tr>
<tr>
<td>Duration of the IDVP cut-off</td>
<td>10 minutes</td>
</tr>
<tr>
<td>Duration of the Start of Day Phase</td>
<td>75 minutes</td>
</tr>
<tr>
<td>Duration of the Night time Settlement phase</td>
<td>210 minutes</td>
</tr>
<tr>
<td>Duration of the End of Day phase</td>
<td>45 minutes</td>
</tr>
</tbody>
</table>

### 4.2.2 Settlement services and liquidity management services

#### System capacity

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
</table>
| Maximum Liquidity Transfer Settlement Time (4.1.2.2) | 95% within 90 seconds  
5% within 90 and 270 seconds |

#### System performance

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Margin for exceptional peaks</td>
<td>20% of the T2S System Capacity (ceiling) for the Number of instructions received, the Daily number of static data updates and Number of Securities Accounts (see chapter Error! Reference source not found. )</td>
</tr>
<tr>
<td></td>
<td>30 A2A queries per second (max 20,000 per hour)</td>
</tr>
</tbody>
</table>

5 The weekly Maintenance Window might be shortened based on specific needs of the [NCB] (e.g. migration, issuance in direct holding countries). Such needs have to be pre-announced and the start and end time of the relevant Maintenance Window(s) have to be agreed with the Eurosystem.
### 4.2.3 Static Data services

<table>
<thead>
<tr>
<th>Availability</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability Period</td>
<td>outside the Maintenance Window on all T2S Opening Days</td>
</tr>
<tr>
<td>(4.1.1.1)</td>
<td></td>
</tr>
<tr>
<td>Static Data Processing Time</td>
<td>95% within 20 seconds</td>
</tr>
<tr>
<td>(4.1.2.3)</td>
<td>5% within 20 and 120 seconds</td>
</tr>
</tbody>
</table>
4.2.4 Information services

<table>
<thead>
<tr>
<th>Availability</th>
<th>Outside the Maintenance Window on all T2S Settlement Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability Period (4.1.1.1)</td>
<td>outside the Maintenance Window on all T2S Settlement Days</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Response times</th>
</tr>
</thead>
<tbody>
<tr>
<td>A2A Message Response Time (4.1.3.2)</td>
</tr>
<tr>
<td>U2A Response Time (4.1.3.3)</td>
</tr>
<tr>
<td>A2A Query Response Time for Simple Queries (4.1.3.1)</td>
</tr>
</tbody>
</table>

4.2.5 Connectivity services

4.3 System Capacity

| Maximum Business Validation Time (4.1.2.1) | 95% within 60 seconds<br>5% within 60 and 180 seconds |

4.4 Targeted Service Levels for the production environment

The more demanding, but non-binding target KPIs defined in this chapter reflect the service level, that is targeted by the Eurosystem. Even if these KPIs are not reached, but the service level is still within the range of the committed service levels (see chapter 4.2), this is no breach of the Service Level Agreement. However, in such a case the Eurosystem stands ready to jointly investigate ways to improve the service.

---

4.4.1 Settlement services and liquidity management services

<table>
<thead>
<tr>
<th>System capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum Liquidity Transfer Settlement Time (4.1.2.2)</td>
</tr>
<tr>
<td>99% within 90 seconds</td>
</tr>
<tr>
<td>1% within 90 and 270 seconds</td>
</tr>
</tbody>
</table>
## 4.4.2 Static Data services

| Availability                     | Static Data Processing Time (4.1.2.3) | 99% within 90 seconds  
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1% within 20 and 270 seconds</td>
</tr>
</tbody>
</table>

## 4.4.3 Information services

| Response times                   | A2A Message Response Time (4.1.3.2) | 99% within 20 seconds  
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1% within 20 and 120 seconds</td>
</tr>
</tbody>
</table>
|                                  | U2A Response Time (4.1.3.3)          | 99% within 10 seconds   
|                                  |                                      | 1% within 10 and 60 seconds |
|                                  | A2A Query Response Time for Simple Queries⁷ (4.1.3.1) | 99% within 20 seconds  
|                                  |                                      | 1% within 20 and 120 seconds |

## 4.4.4 Connectivity Services

| System Capacity                  | Maximum Business Validation Time (4.1.2.11) | 99% within 60 seconds  
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1% within 60 and 180 seconds</td>
</tr>
</tbody>
</table>

5. Service Levels for the test environments

The non-binding target KPIs defined in this chapter reflect the Service Level, that is targeted by the Eurosystem for the test environments. Even if these KPIs are not reached there is no breach of the T2S Service Level Agreement. However, in such a case the Eurosystem stands ready to jointly investigate ways to improve the service.

5.1 Service Levels for the Pre-Production environment

5.1.1 Operational and support services

<table>
<thead>
<tr>
<th>Availability</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>T2S Settlement Day</td>
<td>From 7:00 to 19:00 CET on all calendar days except:</td>
</tr>
<tr>
<td>(4.1.4.1)</td>
<td>Saturdays,</td>
</tr>
<tr>
<td></td>
<td>Sundays,</td>
</tr>
<tr>
<td></td>
<td>1 January,</td>
</tr>
<tr>
<td></td>
<td>Catholic/Protestant Easter Friday,</td>
</tr>
<tr>
<td></td>
<td>Catholic/Protestant Easter Monday,</td>
</tr>
<tr>
<td></td>
<td>1 May,</td>
</tr>
<tr>
<td></td>
<td>25 December;</td>
</tr>
<tr>
<td></td>
<td>26 December or Days specified in the UTEST calendar</td>
</tr>
<tr>
<td></td>
<td>managed by the OMG.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Support hours and incident response times</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Support Hours</td>
<td>07:00 – 19:30 CET</td>
</tr>
<tr>
<td>(4.1.4.2)</td>
<td></td>
</tr>
<tr>
<td>Incident Response Time</td>
<td>15 min. during standard support hours</td>
</tr>
</tbody>
</table>

*Please see Currency Participation Agreement, Schedule 3 – User Testing.*
<table>
<thead>
<tr>
<th>Incident Resolution Time (4.1.4.4)</th>
<th>Incident Priority</th>
<th>During standard support hours</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>Before EoD</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>5 business days or as agreed</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>As agreed</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>As agreed</td>
</tr>
</tbody>
</table>

### Availability

<table>
<thead>
<tr>
<th>Availability Period (4.1.1.1)</th>
<th>95 % / calendar month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability (4.1.1.3)</td>
<td>outside the Maintenance Window on all T2S Settlement Days</td>
</tr>
</tbody>
</table>

### Punctuality

<table>
<thead>
<tr>
<th>Substantial Delay (4.1.1.2)</th>
<th>20 minutes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duration of the IDVP cut-off</td>
<td>10 minutes</td>
</tr>
<tr>
<td>Duration of the Start of Day Phase</td>
<td>60 minutes</td>
</tr>
<tr>
<td>Duration of the Night time Settlement phase</td>
<td>90 minutes</td>
</tr>
<tr>
<td>Duration of the End of Day phase</td>
<td>45 minutes</td>
</tr>
</tbody>
</table>

### 5.2 Service Levels for the Interoperability test environment

#### 5.2.1 Operational and support services

**Availability**

---

9 Please see Currency Participation Agreement, Schedule 3 – User Testing.
## T2S Settlement Day (4.1.4.1)
From 7:00 to 19:00 on all calendar days except:
- Saturdays,
- Sundays,
- 1 January,
- Catholic/Protestant Easter Friday,
- Catholic/Protestant Easter Monday,
- 1 May,
- 25 December,
- 26 December and
days specified in the Interoperability test environment calendar managed by the PMG.

### Support hours and incident response times

<table>
<thead>
<tr>
<th>Incident Priority</th>
<th>During standard support hours</th>
<th>Outside standard support hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>15 minutes</td>
<td>1 hour</td>
</tr>
<tr>
<td>2</td>
<td>15 minutes</td>
<td>Next business day</td>
</tr>
<tr>
<td>3</td>
<td>1 day</td>
<td>Next business day</td>
</tr>
<tr>
<td>4</td>
<td>1 day</td>
<td>Next business day</td>
</tr>
</tbody>
</table>
Currency Participation Agreement
Schedule 6 – T2S Service Level Agreement

<table>
<thead>
<tr>
<th>Incident Resolution Time (4.1.4.4)</th>
<th>Incident Priority</th>
<th>Incident resolution time</th>
<th>Status call update</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>1-2 business days</td>
<td>2 hours</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>2-5 business days</td>
<td>4 hours</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
<td>According to agreed plan</td>
<td>Upon closure</td>
</tr>
<tr>
<td>4</td>
<td>4</td>
<td>According to agreed plan</td>
<td>Upon closure</td>
</tr>
</tbody>
</table>

559 5.2.2 Availability

<table>
<thead>
<tr>
<th>Availability</th>
<th>Availability (4.1.1.1)</th>
<th>85% / calendar month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability Period (4.1.1.1)</td>
<td>outside the Maintenance Window on all T2S Settlement Days</td>
<td></td>
</tr>
</tbody>
</table>
5.2.3 Additional provisions

The test environment can be opened with extended hours for a limited period upon request.

The Eurosystem will make all reasonable efforts to ensure that the operational hours of the test environments, including on-line availability for end-users and batch processing capabilities for the end of day procedures will be specified in the T2S User Testing Calendar and might be different for each of the testing environments.

In certain cases such as the deployment of a new release, the Eurosystem reserves the right to change the T2S User Testing Calendar, which includes changing the opening and closing times of the test environments. All changes to the T2S User Testing Calendar shall be proposed, discussed and agreed in the substructure in charge of User Testing, before informing the T2S Users in a timely manner in advance.

The Information Security levels of the test environments shall be broadly the same as for the T2S production environment.

The test environments will have a substantially lower capacity compared to the production environment (10% of the long-term capacity model for the system capacity ceiling for the production environment). The Eurosystem shall increase the capacity of the test environments to cover specific testing needs (e.g. high-volume tests during the community testing and the business day testing stages) upon a request from – and in agreement with – the [NCB].

The T2S service desk shall be the unique point of contact to report incidents and problems, and to ask for guidance on T2S during User Testing. The [NCB] can contact the T2S service desk via phone, fax, and email.

The T2S service desk coverage hours shall be aligned to the operation hours of the test environment referred to above.
6. System capacity and platform sizing

To ensure the proper sizing of the platform that is required to meet the agreed service levels, the CSDs are requested to provide on a quarterly basis updated forecasts for average and expected peak business figures as specified in the URD, to allow the Eurosystem to make an adequate long-term capacity planning. These figures have to include the volumes for the CSDs’ DCA Holders as well.

Capacity requirements of Central Banks and Dedicated Cash Account Holders are expected to be negligible compared to capacity requirements of CSDs. Consequently, Central Banks are exempted from specifying any ex-ante capacity requirements. If the expectations change, the [NCB] will inform the Eurosystem.

In order to process exceptionally high peak volumes, the Eurosystem will ensure that additional capacity can be added on very short notice, provided no hardware components need to be replaced. However, there will be technical limitations to such a capacity increase.

If exceptional capacity is needed for a one-time event or on shorter notice, the Eurosystem will try to cope with such requests, but on best effort basis only.
7. Service Level reporting

End-to-end service reports including local service desk operations will be provided on a regular basis in electronic format, focusing on the above defined service metrics.

7.1 Content of the Reporting

In addition, these service reports will contain information on performance against the following indicators:

- resolution times of closed tickets
- escalation status of open tickets
- Punctuality (see 4.1.5.3)

Performance against Service Level targets will be measured by the Eurosystem in compliance with the procedures agreed between the parties.

Reports on actual service levels achieved will be provided to the [NCB] on a monthly basis. This will cover for each service indicator the performance achieved compared with the target values. For informational purposes the Eurosystem will also report the bilateral service levels achieved for the [NCB]. These reports are to be provided to the [NCB] within ten Settlement Days after the end of each month.

On a daily basis and reflected in the monthly SLA report:

- Unresolved incidents
- Resolved incidents
- Actual service (including security) breaches
- Planned downtime
- Unplanned downtime

On a monthly basis:

- Service availability
- Frequency of incidents
- Cumulative service breaches
- Use of T2S service desk (when relevant)
- Application and technology performance specified in this document (i.e. input/output file throughput, statistics on incoming/outgoing messages)
In addition to the technical indicators the monthly report will also contain other important information like the following:

- Updates to the T2S release calendar scheduling technical releases with an impact on the [NCB];
- Information about upcoming changes without impact on the [NCB];
- Information about the planned implementation process (including the test strategy) and timing for upcoming releases.

### 7.2 Definition of Additional Indicators for Reporting

This section defines an additional indicator that is used for the reporting, but has no KPI attached to it.

#### 7.2.1 File throughput

**Definition:**

The file throughput is defined as the minimum number of megabytes per hour that the interface subsystem has to be able to process in one hour independently for input and output.

**Measurement:**

The file throughput is measured by summing up the size of all files received during the reporting period and dividing this value by the actual processing time needed. The processing time is measured using the timestamps generated by the T2S network interface and as part of the T2S audit trail.
Currency Participation Agreement
Schedule 6 – T2S Service Level Agreement

7.3 T2S Operations report
The Eurosystem will complement the Service Level report with the T2S Operations report. The aim of the report is to provide information on operational and coordination activities, settlement statistics and follow up of Service Level monitoring. The report is prepared on a monthly basis by the Eurosystem and shared with the Operations Managers Group and the T2S Steering Level.

7.4 T2S Operational risk report
The Eurosystem will complement the Service Level report with the T2S Operational risk report. The aim of the report is to provide information on operational risks and the monitoring the implementation of risk responses. The report is reviewed on a monthly basis by the Operations Managers Group and provided to the T2S Steering Level.
8. Service review meetings

The Eurosystem and all Connected NCBs will review the T2S service performance commitments during their regular meetings at Steering Level\(^10\). In addition the Eurosystem will convene on a monthly basis or upon request a meeting of the Operations Managers Group (OMG) to review the T2S service performance on a working level.

This meeting will evaluate the service performance since the last review. In particular the meeting will:

- Review the service achievement (service level target against actual performance)
- Review the Service Level Reports provided in recent periods. However, for the sake of intra-annual comparability, the Service Level Report format might be changed only on a yearly basis.
- Focus particularly on breaches of service levels
- Identify weak areas and potential ways to address problems and initiate service improvement
- Preview issues (anticipated measures) for the coming period

\(^{10}\) In case the Connected NCBs are having a permanent member in the Market Infrastructure Board (MIB), the review meeting are done in the MIB. Otherwise the review meetings are done in the Non-euro Currency Steering Group.
9. SLA reviews

9.1 Initial review

The parties agree that they shall review the SLA Schedule for the first time on a date no later than the end of the bedding down period.

All resulting changes to this SLA shall be approved by the parties. In case of persistent disagreement between the parties, the dispute resolution procedure laid down in the Currency Participation Agreement shall be activated.

9.2 Subsequent review

The parties agree that the SLA will be reviewed on a yearly basis in order to verify the balance between evolving user requirements and defined T2S Service Levels, as well as to ensure the effectiveness of performance measuring criteria.

If required by the circumstances, the SLA can be reviewed on an ad-hoc basis.

Agreement review meetings provide an opportunity to review the agreement and associated targets. In particular the meeting will:

- Review service achievements with the customer and identifying potential improvement on both sides
- Review the service requirements and identify if any changes have occurred
- Discuss any changes that operations would like to make to the agreement
- Agree on the next step for the SLA: extension, changes or decommissioning.

Changes to the SLA will be agreed in accordance with the applicable governance arrangements specified in Schedule 8 (Governance) of the CPA, in particular through the involvement of the Operations Managers Group.
Annex 1 - Management of non-functional changes

9.3 Emergency Changes

If an incident occurs, the Eurosystem may have to implement a change that cannot be delayed until the next planned Maintenance Window. The implementation of such a change will cause a system unavailability as described in section 4.2.1.

As a minimum, the Eurosystem will inform the [NCB] ex post about the reason for and the nature of the change. Nevertheless, the Eurosystem will make best efforts to inform the [NCB] ex ante, even at short notice.

9.4 Other changes

By default, changes aimed at ensuring that the Eurosystem is capable of delivering the T2S Services according to the KPIs specified in this SLA, or resulting from SLA reviews (see section 9), will be managed by the Eurosystem. If such changes have no impact on the [NCB], the Eurosystem will inform the [NCB] ex ante about the nature and the date of such change.

If such changes have an impact on the [NCB], or if the [NCB] expresses an interest in testing such changes, the Eurosystem and the [NCB] will co-operate in good faith to manage the changes, as much as possible and where relevant, following the provisions of Schedule 9 (Change and Release Management).

The dates reserved by the Eurosystem for implementing changes that have or might have an impact on the [NCB], are documented in a calendar that is shared and agreed in advance with the [NCB]. Changes to this calendar will be reported in the monthly reporting as described in section 7. By default, changes are implemented during a Maintenance Window.

The [NCB] is responsible to involve its DCA Holders in the process if necessary and share the relevant information with them.
CURRENCY PARTICIPATION AGREEMENT

SCHEDULE 7

PRICING
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1 Introduction

The Schedule on Pricing consists of four components: (i) the T2S Pricing policy, which describes the Governing Council decision on the Pricing of T2S Services (ii) the T2S price list, which gives the actual T2S prices in eurocent for each of the T2S Services (i.e. settlement, account management and information services); (iii) the T2S pricing structure, which provides a detailed description of the items in the T2S price list, as well as the related fee triggers; and (iv) the Inventory of T2S Service Charges, which provides a description of how T2S will finance changes to T2S, and a number of other services not covered in the T2S price list.

All T2S prices are displayed on the T2S price list without VAT, which is not applied to T2S Services.

Following the establishment of the T2S pricing policy in 2010, the Eurosystem revised the pricing levels in 2018, seeking broad market advice. It will continue to do so when discussing possible changes to the Pricing Schedule.
2 T2S Pricing policy

The Governing Council of the European Central Bank (ECB) decided to set the Delivery versus Payment price for TARGET2-Securities (T2S) at 15 eurocent per instruction. This price was fixed for the period from the T2S Go-Live Date (22 June 2015) until December 2018.

The commitment to set the price at 15 eurocent was subject to the following conditions: (i) non-euro currencies add at least 20% to the euro settlement volume; (ii) the securities settlement volume in the EU is no more than 10% lower than the volumes projected by the T2S Programme Office, which are based on market advice; and (iii) tax authorities confirm that the Eurosystem will not be charged VAT for the T2S Services it provides.

In 2018, the Governing Council revised the pricing policy of T2S in the light of the start of operations in June 2015, and of the end of the migration period in September 2017. In doing so, it agreed new baselines for the T2S Pricing with the market representatives, to continue pursuing full cost recovery, whilst maintaining the pricing structure unchanged, in terms of the different weights for the tariff items.

The price list in Section 2 reflects the pricing level agreed within the updated baselines, consisting in a basis DvP of 19.5 eurocent with an additional 4-eurocent surcharge linked to the perspective volumes developments. The resulting figure of 23.5 eurocent remains the basis for the pricing structure.
3 T2S price list

<table>
<thead>
<tr>
<th>Tariff items</th>
<th>Price</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Settlement services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delivery versus Payment</td>
<td>23.5</td>
<td>per instruction</td>
</tr>
<tr>
<td>Free of Payment</td>
<td>14.1</td>
<td>per instruction</td>
</tr>
<tr>
<td>Payment Free of Delivery</td>
<td>14.1</td>
<td>per instruction</td>
</tr>
<tr>
<td>Internal T2S liquidity transfer</td>
<td>14.1</td>
<td>per transfer</td>
</tr>
<tr>
<td>Account allocation</td>
<td>4.7</td>
<td>per instruction</td>
</tr>
<tr>
<td>Matching</td>
<td>4.7</td>
<td>per instruction</td>
</tr>
<tr>
<td>Intra-position movement</td>
<td>9.4</td>
<td>per transaction</td>
</tr>
<tr>
<td>Intra-balance movement</td>
<td>9.4</td>
<td>per transaction</td>
</tr>
<tr>
<td>Auto-collateralisation service with Payment Bank</td>
<td>23.5</td>
<td>for issue and return, charged to collateral provider</td>
</tr>
<tr>
<td>Intended Settlement Date failed transaction</td>
<td>23.5</td>
<td>surcharge per Settlement Day failed per instruction</td>
</tr>
<tr>
<td>Daytime settlement process</td>
<td>4.7</td>
<td>surcharge per instruction</td>
</tr>
<tr>
<td>Daytime congestion charge</td>
<td>0</td>
<td>additional surcharge per instruction</td>
</tr>
<tr>
<td>Auto-collateralisation service with Central Bank</td>
<td>0</td>
<td>for issue and return, charged to collateral provider</td>
</tr>
<tr>
<td>Instruction marked with ‘top or high priority’</td>
<td>0</td>
<td>surcharge per instruction</td>
</tr>
<tr>
<td>Cancellation</td>
<td>0</td>
<td>per instruction</td>
</tr>
<tr>
<td>Settlement modification</td>
<td>0</td>
<td>per instruction</td>
</tr>
<tr>
<td><strong>Information services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A2A reports</td>
<td>0.4</td>
<td>Per business item in any A2A report generated</td>
</tr>
<tr>
<td>A2A queries</td>
<td>0.7</td>
<td>Per queried business item in any A2A query generated</td>
</tr>
<tr>
<td>U2A queries</td>
<td>0.4</td>
<td>Per executed search function</td>
</tr>
<tr>
<td>Messages bundled into a file</td>
<td>0.4</td>
<td>Per message in a file</td>
</tr>
<tr>
<td>Transmissions</td>
<td>1.2</td>
<td>Per transmission</td>
</tr>
<tr>
<td><strong>Account management services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Securities Account</td>
<td>Free of charge</td>
<td>Fee options: a) monthly fee per ISIN in the account or b) monthly fee per account</td>
</tr>
<tr>
<td>Fee per T2S Dedicated Cash Account</td>
<td>0</td>
<td>Monthly</td>
</tr>
</tbody>
</table>

† Two instructions per transaction are charged.

†† The auto-collateralisation with payment bank (i.e. client-collateralisation) is charged in line with the usage of T2S resources; only the collateral provider is charged. One collateralisation item plus both instructions of each auto-collateralisation leg are charged per ISIN and providing account, i.e. X cents * 5 (i.e. 1 collateralisation item + 4 settlement instruction) for each auto-collateralisation service with payment bank, where X is the price of settlement instructions and collateralisation items.

Account management services for Securities Accounts are set at zero and will not be changed until the end of the cost recovery period, at least.

Account management services for T2S Dedicated Cash Accounts (DCAs) are not charged, presuming that the actual number and usage of DCAs will remain within expected consumption patterns. However, should DCAs involve a stronger than expected use of T2S resources thus adversely affecting T2S performance, it will be reconsidered to charge for these items. The Eurosystem regularly reviews the matter together with the Central Banks operating the DCAs.
4 T2S Pricing structure

4.1 Summary

<table>
<thead>
<tr>
<th>Tariff items</th>
<th>DvP weight factor</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Settlement services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delivery versus Payment</td>
<td>100%</td>
<td>per instruction</td>
</tr>
<tr>
<td>Free of Payment</td>
<td>60%</td>
<td>per instruction</td>
</tr>
<tr>
<td>Payment Free of Delivery</td>
<td>60%</td>
<td>per instruction</td>
</tr>
<tr>
<td>Internal T2S liquidity transfer</td>
<td>60%</td>
<td>per transfer</td>
</tr>
<tr>
<td>Account allocation</td>
<td>20%</td>
<td>per instruction</td>
</tr>
<tr>
<td>Matching</td>
<td>20%</td>
<td>per instruction</td>
</tr>
<tr>
<td>Intra-position movement</td>
<td>40%</td>
<td>per transaction</td>
</tr>
<tr>
<td>Intra-balance movement</td>
<td>40%</td>
<td>per transaction</td>
</tr>
<tr>
<td>Auto-collateralisation service with Payment Bank</td>
<td>100%</td>
<td>per instruction</td>
</tr>
<tr>
<td>Intended Settlement Date failed transaction</td>
<td>100%</td>
<td>surcharge per Settlement Day failed per instruction</td>
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<td>Daytime settlement process</td>
<td>20%</td>
<td>surcharge per instruction</td>
</tr>
<tr>
<td>Daytime congestion charge</td>
<td>0%</td>
<td>additional surcharge per instruction</td>
</tr>
<tr>
<td>Auto-collateralisation service with Central Bank</td>
<td>0%</td>
<td>for issue and return, charged to the collateral provider</td>
</tr>
<tr>
<td>Instruction marked with 'top or high priority'</td>
<td>0%</td>
<td>surcharge per instruction</td>
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<tr>
<td>Cancellation</td>
<td>0%</td>
<td>per instruction</td>
</tr>
<tr>
<td>Settlement modification</td>
<td>0%</td>
<td>per instruction</td>
</tr>
<tr>
<td>Information services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A2A reports</td>
<td>n/a</td>
<td>Per business item in any A2A report generated</td>
</tr>
<tr>
<td>A2A queries</td>
<td>n/a</td>
<td>Per queried business item in any A2A query generated</td>
</tr>
<tr>
<td>U2A queries</td>
<td>n/a</td>
<td>Per executed search function</td>
</tr>
<tr>
<td>Messages bundled into a file</td>
<td>n/a</td>
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</tr>
<tr>
<td>Transmissions</td>
<td>n/a</td>
<td>Per transmission</td>
</tr>
<tr>
<td>Account management services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Securities Account</td>
<td>Free of charge</td>
<td>Fee options: a) monthly fee per ISIN in the account or</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b) monthly fee per account</td>
</tr>
<tr>
<td>Fee per T2S Dedicated Cash Account</td>
<td>0%</td>
<td>Monthly</td>
</tr>
</tbody>
</table>

4.2 Settlement services

The general principle is that each completed settlement service activity are counted and reflected in the relevant monthly bill. Unless indicated otherwise, billable events are charged based on the date in which T2S successfully executes the related instructions/the events occur.

Two counterparties to a settlement transaction initiate one instruction each and the two instructions are then matched and form one transaction.

The T2S Pricing structure aims at charging for resource usage in most instances. The price for settlement services is set relative to a DvP settlement.

1 January 2019
Each partial settlement\(^1\) is charged separately (e.g. a settlement instruction settled in three parts is charged the DvP or FoP price three times, and any of the parts settled in the period 07:00 – 18:00 will attract the daytime surcharge).

Conditional securities delivery\(^2\) transactions are charged according to their individual components, e.g. DvP or FoP, matching, blocking and unblocking, creation of a condition and release of a condition, i.e. hold and release.

Section 4.4 contains the list of items which are initially set at a zero price, presuming that actual usage of T2S will be within the expected anticipated distribution of settlement volumes during night-/day-time and peak hours.

Section 4.5 contains the list of items which are priced at zero and will not be charged until the end of the cost recovery period, at least.

\(^1\) Partial settlement is defined in the URD as “a process that settles only a fraction of settlement instructions original volume and amount when full settlement is not possible due to lack of securities. The residual unsettled volume and amount may settle at a later stage during the Intended Settlement Date. Any residual amount at the end of the intended settlement date results in the reporting of a failed settlement”.

\(^2\) Conditional securities delivery is defined in the URD as “a procedure in which the final securities and/or cash booking is dependent on the successful completion of an additional action or event (e.g. registration of shares, cash settlement outside T2S)”.
## Delivery versus Payment

<table>
<thead>
<tr>
<th>Price</th>
<th>Eurocent 23.5 per instruction</th>
</tr>
</thead>
<tbody>
<tr>
<td>DvP weight factor</td>
<td>100% (the numeraire)</td>
</tr>
<tr>
<td>Background</td>
<td>The DvP requests a simultaneous transfer of securities versus cash. Both instructing parties are charged. The DvP price constitutes the numeraire for other instruction related charges (i.e. other instruction charges are indicated as a percentage of the DvP price). Realignment instructions resulting from a DvP are not charged.</td>
</tr>
<tr>
<td>Fee trigger</td>
<td>Each successfully completed DvP settlement.</td>
</tr>
</tbody>
</table>

## Free of Payment

<table>
<thead>
<tr>
<th>Price</th>
<th>Eurocent 14.1 per instruction</th>
</tr>
</thead>
<tbody>
<tr>
<td>DvP weight factor</td>
<td>60%</td>
</tr>
<tr>
<td>Background</td>
<td>The FoP requests a transfer of securities only. There is no cash processing required. Both parties to the FoP are charged. Realignment instructions resulting from a FoP are not charged.</td>
</tr>
<tr>
<td>Fee trigger</td>
<td>Each successfully completed FoP settlement.</td>
</tr>
</tbody>
</table>

## Payment Free of Delivery

<table>
<thead>
<tr>
<th>Price</th>
<th>Eurocent 14.1 per instruction</th>
</tr>
</thead>
<tbody>
<tr>
<td>DvP weight factor</td>
<td>60%</td>
</tr>
<tr>
<td>Background</td>
<td>The PFOD requests a transfer of cash only. There is no securities processing required. Both parties to the PFOD are charged. Realignment instructions resulting from a PFOD are not charged.</td>
</tr>
<tr>
<td>Fee trigger</td>
<td>Each successfully completed PFOD settlement.</td>
</tr>
</tbody>
</table>
82 Internal T2S liquidity transfer

<table>
<thead>
<tr>
<th>Price</th>
<th>Eurocent 14.1 per transfer</th>
</tr>
</thead>
<tbody>
<tr>
<td>DvP weight factor</td>
<td>60%</td>
</tr>
</tbody>
</table>

**Background**

Internal liquidity transfers between two T2S Dedicated Cash Accounts are charged with a DvP weight factor of 60%.

Liquidity transfer charges are invoiced to T2S Users via the T2S Users’ Central Bank.

Payments triggered as part of a DvP are included within the DvP instruction charge.

**Fee trigger**

All successfully executed liquidity transfers between two T2S Dedicated Cash Accounts.

The fee is charged to the instructing party, i.e. the debited party.

83 Account allocation

<table>
<thead>
<tr>
<th>Price</th>
<th>Eurocent 4.7 per instruction</th>
</tr>
</thead>
<tbody>
<tr>
<td>DvP weight factor</td>
<td>20%</td>
</tr>
</tbody>
</table>

**Background**

An account allocation in a “direct holding market” is an instruction involving at least one Securities Account which has been flagged as an “end-investor account” in T2S. Two instructions per transaction are charged. If the account allocation instructions are sent unmatched, the Matching fee is charged in addition. The definitions of a “direct holding market” and “end-investor account” in the context of the T2S Pricing Schedule are provided below.

**For the purpose of T2S Pricing, a “direct holding market” is defined as a market:**

1. in which, at a minimum, for holdings of domestic securities generally held by domestic residents, end-investors (retail investors in particular) would generally have an account directly in the Issuer CSD; and

2. which brings all segregated end-investor accounts to T2S that contain securities that are available in T2S.

For the purpose of T2S Pricing, the following markets are considered as direct holding markets according to paragraph 1: Cyprus, Denmark, Estonia,
Finland, Greece, Iceland, Malta, Norway, Romania, Slovakia, Slovenia, Sweden. This list is subject to review by the T2S Governance bodies when needed, following the procedure for ‘Decision-making on relevant matters other than Change Requests’ in Schedule 8 (Governance).

**Definition of “end-investor accounts” and instructions eligible for the reduced account allocation fee**

For the purpose of T2S Pricing, there are two options which a CSD serving a direct holding market in T2S can choose with respect to the definition of “end investor accounts and the instructions which are eligible for the account allocation fee:

**Option A for a direct holding market in T2S:**

a. All segregated accounts of customers of CSD participants are eligible to be flagged as ‘end-investor account eligible for the account allocation fee’. It is the responsibility of the respective CSD in a direct holding market in T2S in cooperation with its participants to ensure a proper flagging of accounts.

b. FoP instructions involving at least one account flagged as ‘end-investor account eligible for the account allocation fee’ are charged the account allocation fee which is applicable to both sides of the FoP transaction.

Or:

**Option B for a direct holding market in T2S:**

a. All retail investor accounts are eligible to be flagged as ‘end-investor account eligible for the account allocation fee’. A retail investor means a ‘retail client’ in the meaning of MiFID II (OJ L 173 12.6.2014). It is the responsibility of the respective CSD in a direct holding market in T2S in cooperation with its participants to ensure a proper flagging of accounts.

b. DvP and FoP instructions involving at least one account flagged as ‘end-investor account eligible for the account allocation fee’ are charged the account allocation fee which is applicable to both sides of the FoP transaction.
The following principles apply to account allocations:

1. The objective of the fee for account allocations is to ensure a level playing field in T2S between direct and indirect holding markets.

2. As a principle, the account allocation fee should not be used for transactions in direct holding markets in T2S that would have been charged the full price in an average indirect holding market or in an average direct holding market opting for a layered model in T2S.

3. In line with the transparency principle of T2S, the T2S Board reports on an annual basis about the share of DvP transactions, FoP transactions and Account allocations in each of the respective direct holding markets in T2S. This report includes the share of DvP transactions and FoP transactions of the aggregated indirect holding markets in T2S for comparison.

Fee trigger

The fee trigger depends on which option A or B is chosen by the respective CSD serving a direct holding market in T2S:

- Option A. Any FoP instruction involving at least one account flagged as ‘end-investor account eligible for the account allocation fee’ is charged the account allocation fee, which is applicable to both sides of the FoP transaction.

Or:

- Option B. Any DvP or FoP instruction involving at least one account flagged as ‘end-investor account eligible for the account allocation fee’ is charged the account allocation fee, which is applicable to both sides of the transaction.
Currency Participation Agreement

Schedule 7 – Pricing

85 Matching

<table>
<thead>
<tr>
<th>Price</th>
<th>Eurocent 4.7 per instruction</th>
</tr>
</thead>
<tbody>
<tr>
<td>DvP weight factor</td>
<td>20%</td>
</tr>
</tbody>
</table>

Background

An unmatched instruction will have to pass through the Matching process and will assume additional processing resources of T2S. Therefore, it attracts a standard Matching charge on top of the regular settlement instruction fee. The Matching charge is 20% of a DvP instruction charge and is applied to both parties.

Fee trigger

Each successfully completed Matching event.

86 Intra-position movements

<table>
<thead>
<tr>
<th>Price</th>
<th>Eurocent 9.4 per transaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>DvP weight factor</td>
<td>40%</td>
</tr>
</tbody>
</table>

Background

All intra-position movements in the case of securities (i.e. blocking/unblocking/reservation/unreservation/earmarking/unearmarking) attract an instruction-based fee. Internally generated intra-position movements are also charged.

For example, say a securities position is blocked for a specific DvP transaction. Once the DvP transaction which is using the blocked securities is ready to be settled, T2S will first have to unblock the securities position so the DvP can settle. This unblocking is charged. Examples are available in the UDFS.

No fees are applied for the blocking of static data (i.e. of the Party, Securities Account). The intra-position movement fee are charged to respective T2S Users via their CSD.

Fee trigger

Any successfully executed intra-position movement.
Intra-balance movements

<table>
<thead>
<tr>
<th>Price</th>
<th>Eurocent 9.4 per transaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>DvP weight factor</td>
<td>40%</td>
</tr>
<tr>
<td>Background</td>
<td>All intra-balance movements in the case of cash (i.e. blocking/unblocking) attract an instruction-based fee. Internally generated intra-balance movements are also charged. The fees are also applied for the automatic release of cash blockings during end-of-day and the regenerated cash blockings at the next start-of-day in the case of a Conditional Securities Delivery (CoSD). No fees are applied for the blocking of static data (i.e. of the Party, Securities Account). The intra-balance (cash) movement fee are charged to respective T2S Users via their Central Bank.</td>
</tr>
<tr>
<td>Fee trigger</td>
<td>Any successfully executed intra-balance movement.</td>
</tr>
</tbody>
</table>

Auto collateralisation service with Payment Bank

<table>
<thead>
<tr>
<th>Price</th>
<th>Eurocent 23.5 per transaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>DvP weight factor</td>
<td>100%</td>
</tr>
<tr>
<td>Background</td>
<td>The complete auto-collateralisation with a Payment Bank attracts an all-in-one fee of 100% DvP weight factor for issue and return: one collateralisation item plus both instructions of each auto-collateralisation leg are charged per ISIN and providing account. Only the collateral provider is charged.</td>
</tr>
<tr>
<td>Fee trigger</td>
<td>Each successfully executed auto-collateralisation transaction with a Payment Bank within the monthly billing period.</td>
</tr>
</tbody>
</table>

Fail on Intended Settlement Date

<table>
<thead>
<tr>
<th>Price</th>
<th>Eurocent 23.5 per instruction</th>
</tr>
</thead>
<tbody>
<tr>
<td>DvP weight factor</td>
<td>100%</td>
</tr>
<tr>
<td>Background</td>
<td>Matched settlement instructions failing to settle on their Intended Settlement Date (ISD) are re-introduced into all the future settlement cycles until they either settle or are cancelled by the two counterparties. The daily charge addresses the resource cost of congestion and of the additional processes required to recycle a failed transaction, e.g. eligibility checking. Disciplinary actions are not applied by T2S through its price list. Both parties of the failing</td>
</tr>
</tbody>
</table>
Currency Participation Agreement

Schedule 7 – Pricing

| Fee trigger                                                                 | Each Matched DvP, FoP, or PFOD which does not settle on its Intended Settlement Date attracts a surcharge. Furthermore, the surcharge is applied for every Settlement Day that the instruction fails to settle after the ISD. The charge is applied to both parties of the transaction. |

91 Daytime settlement process

<table>
<thead>
<tr>
<th>Price</th>
<th>Eurocent 4.7 surcharge per instruction settled during the period 07:00 - 18:00</th>
</tr>
</thead>
<tbody>
<tr>
<td>DvP weight factor</td>
<td>20%</td>
</tr>
<tr>
<td>Background</td>
<td>Settlement instructions successfully executed during the period 07:00 – 18:00 attract a 20% “daytime surcharge”.</td>
</tr>
<tr>
<td>Fee trigger</td>
<td>Any DvP, FoP or PFOD instruction successfully settled during the period 07:00 – 18:00 attract the daytime surcharge.</td>
</tr>
</tbody>
</table>
4.3 Information services

Reports, queries and messages of Directly Connected Parties (which are entitled to do so by the respective CSD) are charged to the CSD of the Directly Connected Party. Reports, queries and messages of a Payment Bank are charged to the Central Bank of the Payment Bank. Reports, queries and messages that are received/generated during peak hours, i.e. the last two hours prior to the DvP cut-off time (i.e. indicatively between 2 p.m. – 4 p.m.), may be subject to the daytime congestion surcharge.

For the purposes of the pricing of information services, the following definitions are used:

- A ‘business item’ is one instance of a business entity defined in the T2S data model (e.g. settlement instruction, securities position, intra-balance movement, liquidity transfer, cash posting, Securities Account, Dedicated Cash Account etc) with all its attributes.

- A ‘message’ is an encrypted inbound/outbound communication used for Application-to-Application (A2A) interactions between T2S and its participants. A complete list of all messages is available in Chapter 3 of the User Detailed Functional Specifications (UDFS).

- A ‘file’ is a structured collection of ‘messages’.


A2A reports

<table>
<thead>
<tr>
<th>Price</th>
<th>Eurocent 0.4 per business item in an A2A report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Background</td>
<td>A2A reports are charged based on the reported number of business items. The list of A2A reports and associated business item is included in Annex 1 to Schedule 7.</td>
</tr>
<tr>
<td>Fee trigger</td>
<td>Any A2A report generated, with the charge based on the reported number of business items.</td>
</tr>
</tbody>
</table>

A2A queries

<table>
<thead>
<tr>
<th>Price</th>
<th>Eurocent 0.7 per queried business item in an A2A query</th>
</tr>
</thead>
<tbody>
<tr>
<td>Background</td>
<td>A2A queries are charged based on the number of queried business items. The list of A2A queries and associated business item is available in Annex 1 to Schedule 7.</td>
</tr>
</tbody>
</table>
### Currency Participation Agreement

#### Schedule 7 – Pricing

<table>
<thead>
<tr>
<th>Fee trigger</th>
<th>Any A2A query generated, with the charge based on the number of queried business items.</th>
</tr>
</thead>
</table>

#### U2A queries

<table>
<thead>
<tr>
<th>Price</th>
<th>Eurocent 10 per executed U2A query</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Background</strong></td>
<td>U2A queries are submitted via the GUI and the U2A query response is received by the GUI. U2A queries viewed on the GUI are charged a fixed fee per executed query.</td>
</tr>
<tr>
<td></td>
<td>If a U2A query were downloaded/exported, then it is charged in the same manner as for A2A queries (i.e. per business item in the downloaded U2A query). The list of U2A queries and associated business item is available in Annex 1 to Schedule 7.</td>
</tr>
<tr>
<td><strong>Fee trigger</strong></td>
<td>Any executed U2A search function viewed on the GUI would be charged a fixed fee.</td>
</tr>
<tr>
<td></td>
<td>If a U2A query is downloaded, it would be additionally charged in the same manner as for A2A queries (i.e. per queried business item).</td>
</tr>
</tbody>
</table>
### Messages bundled into a file

<table>
<thead>
<tr>
<th>Price</th>
<th>Eurocent 0.4 per message in each file containing bundled messages</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Background</strong></td>
<td>T2S Actors have the possibility to send messages to T2S and receive messages from T2S bundled together into a file. Messages received by T2S which are not accepted or not successful authenticated are not charged for.</td>
</tr>
<tr>
<td><strong>Fee trigger</strong></td>
<td>Each file containing bundled messages, with the charge based on the number of messages in the file.</td>
</tr>
</tbody>
</table>

### Transmissions

<table>
<thead>
<tr>
<th>Price</th>
<th>Eurocent 1.2 per transmission</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Background</strong></td>
<td>All types of transmissions (with the exception of technical acknowledgement messages) are counted and charged for.</td>
</tr>
<tr>
<td><strong>Fee trigger</strong></td>
<td>Each transmission per T2S Party (both inbound and outbound) is counted and charged for (except for technical acknowledgement messages).</td>
</tr>
</tbody>
</table>
### Currency Participation Agreement

#### Schedule 7 – Pricing

Some worked examples for the pricing of information services:

<table>
<thead>
<tr>
<th>Item</th>
<th>Transmission fee (in eurocent)</th>
<th>Business item fee (in eurocent)</th>
<th>Fixed fee</th>
<th>Total charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>A2A report sent to a T2S Actor containing 100 business items</td>
<td>1.2 eurocent (for sending the report)</td>
<td>40 eurocent (100 x 0.4 eurocent for each business item contained in the report)</td>
<td>-</td>
<td>41.2 eurocent</td>
</tr>
<tr>
<td>A file containing 100 messages, sent by a T2S Actor to the T2S Platform</td>
<td>1.2 eurocent (for receiving the file)</td>
<td>40 eurocent (100 x 0.4 eurocent for each message bundled into the file)</td>
<td>-</td>
<td>41.2 eurocent</td>
</tr>
<tr>
<td>A2A query request and the subsequent response containing 100 business items</td>
<td>2.4 eurocent (1.2 eurocent for the A2A query request message and 1.2 eurocent for the A2A query response)</td>
<td>70 eurocent (100 x 0.7 eurocent for each queried business item)</td>
<td>-</td>
<td>72.4 eurocent</td>
</tr>
<tr>
<td>100 (individual) messages sent by T2S to a T2S Actor</td>
<td>120 eurocent (100 x 1.2 eurocent for each message)</td>
<td>-</td>
<td>-</td>
<td>120 eurocent</td>
</tr>
<tr>
<td>U2A query on the GUI</td>
<td>-</td>
<td>-</td>
<td>10 eurocent</td>
<td>10 eurocent</td>
</tr>
<tr>
<td>U2A query containing 100 business items, viewed on the GUI and then subsequently downloaded</td>
<td>-</td>
<td>70 eurocent (100 x 0.7 eurocent for each queried business item)</td>
<td>10 eurocent (for the initial viewing on the GUI)</td>
<td>80 eurocent</td>
</tr>
</tbody>
</table>
4.4 Tariff items initially priced at zero

T2S is sized in accordance with expected consumption patterns, i.e. the anticipated distribution of settlement volumes during night-/day-time and peak hours. The items in this section are set at a zero price, presuming that actual usage of T2S remains within these expected consumption patterns over time. However, should there be a stronger than expected use of T2S resources and the volume distribution pattern be different from expected thus adversely affecting T2S performance, these items may be charged. The Eurosystem regularly reviews the actual usage of T2S resources against expected consumption patterns.

131 **Daytime congestion charge**

<table>
<thead>
<tr>
<th>Price</th>
<th>Zero eurocent per instruction</th>
</tr>
</thead>
<tbody>
<tr>
<td>DvP weight factor</td>
<td>0%</td>
</tr>
</tbody>
</table>

**Background**

An additional congestion surcharge may be applied to settlement instructions successfully executed during the last two hours prior to the DvP cut-off time (i.e. indicatively between 14:00 – 16:00). Initially this “congestion charge” is set at 0 eurocent but if it is found that too many instructions are executed during the period and hence causing congestion, a fee may be applied.

**Fee trigger**

Any DvP, FoP or PFOD instruction successfully settled during the last two hours prior to the DvP cut-off time (i.e. indicatively between 14:00 – 16:00) would attract the daytime congestion surcharge.

132 **Auto collateralisation service with a Central Bank**

<table>
<thead>
<tr>
<th>Price</th>
<th>Zero eurocent per transaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>DvP weight factor</td>
<td>0%</td>
</tr>
</tbody>
</table>

**Background**

All transactions resulting from auto-collateralisation with a Central Bank would be charged an all-in-one fee. Only the collateral provider would be charged.

**Fee trigger**

All successfully processed auto-collateralisation transactions with a Central Bank within the monthly billing period.

133 **Daytime settlement of ‘high’ priority and ‘top’ priority instructions**

<table>
<thead>
<tr>
<th>Price</th>
<th>Zero eurocent per instruction</th>
</tr>
</thead>
<tbody>
<tr>
<td>DvP weight factor</td>
<td>0%</td>
</tr>
</tbody>
</table>
Currency Participation Agreement
Schedule 7 – Pricing

| Background | All ‘Top Priority’ and ‘High Priority’ instructions processed during the period 07:00 – 18:00 would be subject to a surcharge.  
  
  **TOP priority** = default assigned to instructions fulfilling predetermined criteria, such as those of trading platforms (multilateral trading facilities, Stock Exchanges, etc.) with and without a central clearing counterparty (CCP) as well as over the counter (OTC) instructions with a CCP (URD 7.2.2.2). Special instructions assigned by Central Banks or CSDs with a ‘reserved priority’ (e.g. Central Bank monetary policy operations) would attract the same charge.  
  
  **HIGH priority** = can be assigned by T2S Users to OTC transactions (without CCP) in the relevant settlement instruction. High priority instructions follow in the processing hierarchy after top priority instructions (URD 7.2.2.3). |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fee trigger</td>
<td>Instructions flagged with ‘Top Priority’ or ‘High Priority’ which are settled in the period 07:00 – 18:00. If a CSD’s priority traffic exceeds 20% of its total settlement volume within the monthly billing period, the Eurosystem discusses the matter with the respective CSD to assess the reason for such high usage. Should usage not be brought into a range below 20%, the CSD will be billed for the priority fee and charges may apply after a notification period of 60 days.</td>
</tr>
</tbody>
</table>

### Cancellation

<table>
<thead>
<tr>
<th>Price</th>
<th>Zero eurocent per instruction</th>
</tr>
</thead>
<tbody>
<tr>
<td>DvP weight factor</td>
<td>0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Background</th>
<th>The cancellation of a settlement instruction which had been submitted previously needs to be validated and the original settlement instruction is flagged as successfully cancelled. In cases where the instruction has already been matched, each side of the cancellation would be charged. Cancellation instructions which are not successfully executed or have been denied are not charged.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fee trigger</td>
<td>All instructions that have been successfully cancelled. Successful automatic cancellation of settlement instructions by the Instruction Maintenance Module would also be charged. All previously attracted chargeable status (e.g. Matched, partial settlement, Intended Settlement Date fail) would be charged as well.</td>
</tr>
</tbody>
</table>
## Settlement modification

<table>
<thead>
<tr>
<th>Price</th>
<th>Zero eurocent per instruction</th>
</tr>
</thead>
<tbody>
<tr>
<td>DvP weight factor</td>
<td>0%</td>
</tr>
</tbody>
</table>

**Background**

Settlement instruction modifications include any change of the Hold status (CSD hold status/ CSD validation hold status/ party hold status/ CoSD hold status), all release instructions, change of priority, change of partial settlement indicator and linkage block.

All relevant default settings do not attract a charge because they are driven by the relevant static data.

**Fee trigger**

Any successfully executed settlement modification instruction leading to a change in status.

## Fee per T2S Dedicated Cash Account

<table>
<thead>
<tr>
<th>Price</th>
<th>Zero euro monthly per T2S Dedicated Cash Account</th>
</tr>
</thead>
</table>

**Background**

Monthly fixed fee to cover for the maintenance of the static data.

This fee would be charged to respective T2S Users via their Central Bank.

**Fee trigger**

Any T2S Dedicated Cash Account with the account status ‘open’ at the end of the monthly billing period or if it was closed during the billing period.

## 4.5 Tariff items priced at zero at least until end of cost-recovery period

### Securities Account fees

Securities Account fees are set at zero at least until the end of the cost recovery period.

| Price | Option a) Zero eurocent monthly per ISIN in a Securities Account  
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Option b) Zero euros monthly per Securities Account</td>
</tr>
</tbody>
</table>

**Background**

Increased numbers of ISINs in an account in general means more resource associated with maintaining static data for the account. T2S parties have the choice between:

- Option a) each Securities Account open in the database of T2S and active during the billing period attracts a monthly fixed fee which is applied for each ISIN held in the account; or

- Option b) each Securities Account open in the database of T2S attracts a monthly fixed fee to cover for the maintenance of a Securities Account static data.

Should CSDs offer the option, T2S Users can choose which option to be
### Fee trigger

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Option a)</strong></td>
<td>All ISIN positions at the end of the monthly billing period within a Securities Account which was active during the billing period and the account flagged to be charged by ISIN attracts a fixed fee per ISIN position in the account.</td>
</tr>
<tr>
<td><strong>Option b)</strong></td>
<td>Any Securities Account <strong>not</strong> flagged to be charged by ISIN with the account status ‘open’ at the end of the monthly billing period attracts a fixed fee. This fixed fee is also applied to accounts closed during the billing period.</td>
</tr>
</tbody>
</table>

The decision should be stable in the long term.
5 Inventory of T2S Service Charges

5.1 Introduction

The Inventory of T2S Service Charges (the Inventory) provides T2S Users with a description of how T2S will finance changes (which, depending on the type of change, could potentially result in increases of T2S prices included in the T2S price list), and a number of other services not covered in the T2S price list. The present content of the Inventory is not necessarily exhaustive, but could potentially be expanded to encompass other types of service charges. If the list were to be expanded at a later stage, the general principle of charging at cost shall remain.

5.2 Changes

The process for how changes will be implemented to the T2S Services is described in Schedule 9 on ‘Change and Release Management’. The following section describes how the costs for Common Changes and Specific Changes of the T2S Services are to be recovered.

5.2.1 T2S Common Changes

Common Changes are defined as “any new feature, functionality or service – or any amendment of an existing feature, functionality or service – which is implemented for the benefit of all T2S Actors”. Prior to going ahead and implementing a Change Request, the Eurosystem will specify the development and running costs of the change. This will be a binding offer on behalf of the Eurosystem.

Those Common Changes that are classified as “corrective maintenance” (i.e. fixing of errors in coding, design or detailed specifications (bug fixes)” and “technical maintenance” (i.e. software adaptations and/or testing activities imposed by changes of the hardware or the operating system or other infrastructural software packages within certain resource limits) will not be charged separately.

All other Common Changes will first need to be financed by the Eurosystem and the Governing Council needs to decide to increase the financial envelope of T2S by the cost of such a change. Substantial increases in the financial envelope could result in the need to adjust the T2S price list at some stage and/or to lengthen the amortisation period and/or to establish separate amortisation cycles. The development costs, running costs and capital costs associated with these Common Changes will therefore have to be recovered through T2S fees (see T2S price list) over an amortisation period.
CSDs commit to bear any residual costs related to Common Changes requested by them that cannot be recovered through T2S fees.

5.2.2 T2S Specific Changes

Specific Changes are defined as “any new feature, functionality or service – or any amendment of an existing feature, functionality or service – which is not supported by all T2S Actors”. Based on the principle of non-exclusiveness and non-discrimination, the functionality would in principle be available to all initial and future T2S parties. However, those not wishing to use the new functionality would not be impacted and therefore would not bear any of the costs.

Prior to a Specific Change Request being approved, the Eurosystem will specify the full financial consequences associated with the change (e.g. the implementation costs, the running costs, capital costs and potentially lost revenues). The estimate of the implementation costs will be a binding offer on behalf of the Eurosystem.

Once the Specific Change Request has been approved and before the Eurosystem starts development activities, the entities requesting the change (“requesters”) will formally commit to bear the full financial consequences of the change and agree with the T2S Board on the financing of the Specific Change. The financing of Specific Changes may be in the form of either pre-financing, financing via transaction fees levied on the use of the specific functionality or any other recovery method to be agreed between the requesters and the T2S Board.

Entities which have not been part of the original agreement between the Eurosystem and the requesters to develop a specific functionality but decide to use such functionality at a later stage (“late-joiners”) will have to bear an appropriate share of the financial consequences. The requesters that initially requested the specific functionality shall seek an agreement with the late-joiner(s) for the revised allocation of financial consequences of such functionality. If original requesters and the late-joiner(s) cannot find an agreement on the revised allocation of the full financial consequences of that functionality, a panel of experts (nominated by CSDs in line with Arbitration rules) will decide on a revised allocation, using objective criteria in order to ensure non-discrimination, to avoid duplication of Specific Changes and to keep T2S open for new developments. Subject to the late-joiner having paid or committed to pay its share of the full financial consequences of the Specific Change in accordance with the revised allocation, it will be able to use the specific functionality.

5.2.3 Pricing of assessments of Change Requests

Preliminary assessments of a request for a functional change will attract a charge of €2,000. If, based on the results of the preliminary assessment, the party then decides to request a detailed
assessments for the functional change, the detailed assessment will attract an additional charge of €10,000.

If the Change Request is subsequently approved and implemented, either as a Common Change or Specific Change, the costs of the preliminary and detailed assessments will be added to the total cost of the change (and recovered in the manner described in sections 5.2.1 and 5.2.2).

If the change is rejected, the costs of the preliminary and detailed assessment would be charged directly to the requester. In case there is more than one requester, the costs of the preliminary assessments and detailed assessments would be distributed equally.

5.3 RTGS fees for connecting to T2S

If an RTGS system charges T2S a fee for connecting to T2S, T2S will not charge this fee to its Contracting CSDs. T2S will annually charge such fee back to the Central Bank that operates the T2S Dedicated Cash Account in the currency in which the RTGS system operates. As a matter of service, T2S will annually provide each Central Bank operating a T2S Dedicated Cash Account with each Payment Bank's annual share in the total number of postings on that T2S Dedicated Cash Account and the Central Bank might take that into account when allocating the charges.

5.4 Training

The Eurosystem will provide training by qualified trainers to interested parties on the structural and operational aspects of T2S. Such general training which T2S offers to all T2S Stakeholders will be free of charge. Tailor-made training will be charged to the requesting party on a per diem basis. The Eurosystem will charge training services at cost. T2S training course offerings and associated charges will be published on a regular basis.

5.5 Consultancy

The Eurosystem may provide resources on request of a CSD, Central Bank or a Directly Connected Party to provide advice and support improving their technical infrastructure interaction with the T2S platform. Specific consultancy will be charged to the requesting party on a per diem basis. The Eurosystem will charge the consultancy services that it provides at cost.

5.6 Request for an additional test environment

The Eurosystem will be providing two test environments for User Testing during migration and post-migration without charging any additional service charge.

The Eurosystem will provide additional test environments subject to an approved Change Request. If CSDs/Central Bank would require additional test environments, the set-up costs of
the test environment as well as daily maintenance fees will be charged at cost either as a
Common or a Specific Change.

If the additional test environment(s) is charged as a Specific Change, the fee will be included in
the respective CSD/Central Bank bill as soon as the relevant test environment is ready for testing.

5.7 Securities Reference Data

If the Eurosystem were to provide the securities maintaining services to CSDs, it will charge
these services at cost.

5.8 Connectivity Services

[The Eurosystem allows all CSDs and NCBs, and their customers, i.e. Directly Connected Parties and Dedicated Cash Account holders respectively, to connect to T2S via two types of connectivity: (i) a Dedicated Link connection, and (ii) a Value Added Network. The Eurosystem will charge the set-up and operation of its Dedicated Link connection at cost to the Directly Connected Actors using such a connection. In addition, the Eurosystem will charge each Directly Connected Actor with a one-off fee of EUR [...] for the issuance of each requested security certificate and an annual fee of EUR [...] for the annual prolongation of each security certificate.]

5.9 One-off joining fee

A CSD joining T2S will pay a one-off joining fee in the amount of 25% of the annual fee that this CSD will pay to T2S, calculated on the basis of the fee paid in the first full year of T2S operation of the CSD in question. The fee will be calculated and charged one year after the CSD will have started its operations in T2S.

5.10 Exit Management

If a CSD terminates the T2S Framework Agreement for convenience, the Eurosystem will invoice the CSD at cost for all planning, co-ordination and execution of exit activities that go beyond normal operational support. This will also be the case if a CSD decides to exit because the relevant non-euro area NCB no longer outsources its currency.

If a CSD has terminated the framework Agreement for cause, the Eurosystem will provide the support for exit activities free of charge.

5.11 External Examiner

In accordance with Article 23.7 of the Currency Participation Agreement, the non-euro NCB and/or its auditors shall have the right to propose special examinations to be conducted by the
External Examiner directly to the Governing Council provided that the non-euro NCB bears the costs associated with such special examinations.

If a regular or special examination is required because of a severe incident or a material and ongoing problem having disrupted the proper functioning of the T2S Platform or the provision of T2S Services, as specified in Article 23.5 of the Currency Participation Agreement, the total cost charged by the External Examiner shall be borne by the Eurosystem.
CURRENCY PARTICIPATION AGREEMENT

SCHEDULE 8
GOVERNANCE
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1 Preamble

This schedule sets out the Governance, i.e. the set of rules and procedures concerning the management of T2S Services, including the related procedures for decision-making and the roles of T2S Stakeholders therein. The Governance applies as of the Agreement Date and shall govern the Development Phase and the Operational Phase of TARGET2-Securities (T2S).

The parties agree that:

(1) The aim of the Governance principles is to provide each T2S Stakeholder with the level of control necessary in further pursuing its commercial and policy objectives and to seek compliance with Legal and Regulatory Requirements. However, the parties agree that since T2S is a multilateral environment, their level of control is necessarily less than if each T2S signatory had its own environment. Levels of control can vary with the objects of control as described in this Agreement. However, T2S is designed and operated so that the Connected NCBs will exercise full control in real time over the Dedicated Cash Accounts in their respective currency in T2S as described in Article [20 (7) and (8)].

(2) Control is necessary to ensure that T2S operates safely and efficiently. Moreover, control shall allow change to be achieved and managed so as to ensure that changes that are proposed by one party/parties can be introduced without unduly affecting the other party/parties.

(3) In order to achieve the necessary balance of control, it is very important that transparency is ensured and that all T2S Stakeholders are closely involved in the Governance of T2S. It is essential to ensure that T2S meets the evolving needs of the market in a consensual way. Transparency shall assure the T2S Stakeholders that final decisions will not be taken before their positions are considered by the relevant T2S Governance Body and by the other T2S Stakeholders. For this reason, technical and policy documents, such as the User Requirements Document, the Economic Impact Analysis and the T2S Governance arrangements were extensively discussed with market participants and published on the T2S’s website. The Eurosystem intends to continue doing so.

(4) The euro area and the Connected NCBs need to maintain control of their respective currencies in T2S. In particular they need to continue to be able to operate the cash accounts they hold for their Dedicated Cash Account Holders, and to be able to safeguard the integrity of their respective currency (which, for the purposes of the CPA, includes the implementation of monetary policy including all central bank credit operations as well as settlement in Central Bank Money in their currency). They also need to maintain or contribute to financial stability in their country and to ensure a level playing field for market participants.
(5) Users, i.e. the customers of CSDs, and ultimately issuers and investors are the eventual beneficiaries of T2S. Their demands have to be appropriately taken into account when further developing T2S functionalities in order to ensure that T2S continues to meet the needs of the market.

On the basis of the above considerations, Section 1 explains the relationship of the different T2S Governance Bodies in the decision-making process. Additional Governance arrangements are outlined in Section 2.
1 The decision-making process

1.1 T2S Governance Bodies

The T2S Governance Bodies are specified in Article [20 (6)] of this Agreement. They are involved in the decision-making process with final decisions being taken by the Governing Council in accordance with Article [20] of this Agreement and in accordance with this Schedule.

The Steering Level consists of the Non-euro Currencies Steering Group (NECSG), the CSD Steering Group (CSG) and the T2S Board. For matters which are referred to the Steering Level in this Agreement and which have not been delegated to the T2S Board by the Governing Council, the Governing Council represents the Eurosystem. Each T2S Governance Body has the possibility to establish substructures, i.e. technical groups (permanent) or task forces (ad-hoc); see also Section 2.4.

The resolutions of the Governors’ Forum require the endorsement of the Governing Council and the decision-making bodies of each of the Connected NCBs.
1.2 Decision-making on Change Requests

1. Any individual Participating CSD, User member in the AG, euro area NCB, Connected NCB, the ECB or the 4CB may initiate a Change Request.

2. The Change Request is prepared by the Change Review Group (CRG) according to the procedures described in Schedule 9 (Change and Release Management). The CRG submits its deliverables to the CSD Steering Group (CSG) via the ECB. The ECB also provides the CRG deliverables to the T2S Board, the Non-euro Currencies Steering Group (NECSG) and the T2S Advisory Group (AG) and publishes the deliverables on the T2S website. Should any of the before-mentioned T2S Governance Bodies fail to provide its view within a reasonable amount of time, taking into account the urgency of the Change Request, this T2S Governance...
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Body is then assumed to have agreed with the Change Request and the decision-making procedure continues.

3. If the Change Request was related to safeguarding the integrity of the respective currency (which, for the purposes of the CPA, includes the implementation of monetary policy including all central bank credit operations as well as settlement in Central Bank Money in the respective currency) and/or financial stability as part of crisis management measures, transparency could be limited to the contracting T2S Actors (Participating CSDs and Central Banks) upon request of a Central Bank. Such Change Requests shall be made transparent at the latest when the change is taken up in a release.

4. The AG gives its advice on the Change Request within a reasonable amount of time, taking into account the urgency of the Change Request. The advice of the AG is addressed to the T2S Board and it shall be published on the T2S’s website.

5. The CSG takes a resolution on the Change Request within a reasonable amount of time, taking into account the urgency of the Change Request. The resolution of the CSG is addressed to the T2S Board and shall be published on the T2S’s website.

6. The NECSG takes a resolution within a reasonable amount of time, taking into account the urgency of the Change Request. If the Connected NCB(s) consider at risk the integrity of the respective currency, the financial stability or the level playing field for market participants, such concern shall be included in the resolution of the NECSG. The resolution of the NECSG is addressed to the T2S Board and it shall be published on the T2S’s website.

7. A final decision on the Change Request is taken by the Governing Council on the basis of a proposal by the T2S Board within a reasonable amount of time, taking into account the urgency of the Change Request. The T2S Board submits a proposal to the Governing Council after having reached a consensus with the CSG and the NECSG, taking into account the advice of the AG in accordance with paragraph 8.

8. If consensus cannot be achieved based on the stakeholders’ initial resolutions, the T2S Board aims at reconciling the different views before the Governing Council takes its final decision:

   a. The T2S Board coordinates discussions with relevant stakeholder groups in order to find a consensual solution. The T2S Board may ask for a re-assessment of the Change Request by the CRG taking into account the views of all relevant stakeholders. Based on the CRG re-assessment, the T2S Board discusses with all relevant stakeholder groups taking into account the respective views and prepares a compromise proposal within a reasonable amount of time, taking into account the urgency of the Change Request. The
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T2S Board shares this proposal with the CSG, the NECSG and the AG. For issues of key concern, this consensus driven approach to establish a compromise proposal may be a repetitive process. Once consensus is reached within a reasonable amount of time, taking into account the urgency of the Change Request, the AG formally gives its new advice and the CSG and the NECSG take new resolutions on the Change Request.

b. If such discussions do not lead to consensus, the T2S Board, the CSG or the NECSG may ask for a non-binding external advice except for matters related to safeguarding the integrity of currencies in T2S or to financial stability. The party providing such advice needs to be selected by common agreement of the T2S Board, the CSG and the NECSG and deliver its advice in parallel to the T2S Board, the CSG, the NECSG and the AG. All relevant stakeholder groups review their position on the basis of the non-binding external advice and the T2S Board coordinates discussions with the relevant stakeholder groups in order to find a consensual solution in accordance with paragraph 8a and taking into account paragraph 9 and 10. Within a reasonable amount of time and taking into account the urgency of the Change Request, the AG formally gives its final advice and the CSG and the NECSG take final resolutions on the Change Request before the Governing Council takes the final decision on the basis of a proposal by the T2S Board.

9. If the reconciliation process according to paragraph 8 does not lead to consensus between the Eurosystem and the Connected NCB(s), both Parties have the right to request a review of the issue by the Governors’ Forum, in order to find a consensual solution.

10. If no solution for the dispute can be found in the Governors’ Forum, the following procedure applies:

a. the view of the Eurosystem as owner and operator of T2S prevails. If the dispute was based on the refusal of a Change Request because Connected NCB(s) consider that the measure is inappropriate for reasons linked to their responsibilities in terms of safeguarding the integrity of the respective currency or in relation to financial stability, the Eurosystem would have to justify overruling the refusal either (i) with the need to safeguard general Eurosystem central bank functions (safeguarding the euro, financial stability, no distortion of competition) or (ii) with the need to preserve the integrity of the T2S platform for economic, functional or technical reasons.

b. the concerned Connected NCB(s) shall have the right to terminate the respective bilateral CPA. The concerned Connected NCB(s) shall have the right to require that they can exit T2S within 24 months after the Governing Council’s decision, during which period they shall not be affected by a change they rejected. Connected NCBs shall endeavour to limit the exit period to the shortest time possible.
11. The final decision of the Governing Council is published on the T2S’s website.

1.3 Decision-making on relevant matters other than Change Requests

1. Any individual Participating CSD, euro area NCB, Connected NCB, the ECB, the 4CB or User member in the AG may, outside the scope of Change Requests, propose a resolution or, in particular in the case of the AG, an advice concerning relevant matters of T2S¹ to the T2S Board or, in exceptional circumstances, to the Governing Council.

2. In all T2S Governance Bodies the chairperson may decide that the proposal for a resolution or an advice needs first to be analysed by a substructure, i.e. a technical group (permanent) or he by a task force (ad-hoc). The T2S Board or, in exceptional circumstances, the Governing Council organises the process in such a way that all T2S Governance Bodies are properly consulted within a reasonable amount of time and without duplicating substructures on ergence of similar topics. In case of diverging views between different T2S Governance Bodies, the conciliation T2S Board shall aim at reconciling the different views. The CSG or the NECSG can, upon oard, ask agreement with the T2S Board for a non-binding external advice for relevant matters of elated to T2S¹ except for matters related to safeguarding the integrity of currencies in T2S or to t flows in financial stability. The popiding such advice needs to be selected by common d, the agreement of the T2S Board CSG and the NECG and shall deliver its advice in parallel to the T2S Board, the AG, the CSG and the NECG.

3. A decision on the proposal is taken by the Governing Council or, for matters which have been delegated by the Governing Council, by the T2S Board after consultation of the AG, the CSG and the NECG within a reasonable amount of time, taking into account the urgency of the matter.

4. The Eurosystem notifies the relevant parties. For Connected NCBs, the following procedure applies. The Eurosystem notifies the decision to the Connected NCB Governors who, in general, have four weeks to object if they consider that the measure is inappropriate for reasons linked to their responsibilities in term of safeguarding the integrity of the respective currency or in relation to financial stability. The relevant procedure, as defined under Section 1.2, paragraphs 9 and 10 above, applies.

5. The decision of the Governing Council or the T2S Board shall be published on the T2S website.

¹Such relevant matters include crisis management, risk issues, operational issues, monitoring the T2S Service (in accordance with the Service Level Agreement), pricing issues, acceptance for testing and go-live.
2 Additional Governance arrangements

In addition to the general Governance procedures outlined above, this section clarifies a number of specific situations.

2.1 Prioritisation

The Change Review Group:

- shall assess Change Requests and prepare a list of ranked Change Requests based on the procedures described in Schedule 9 (Change and Release Management).

The Project Managers Group:

- shall prepare a prioritisation proposal for defining the content of a T2S release based on the procedures described in Schedule 9 (Change and Release Management).

The AG:

- shall submit its advice regarding the prioritisation of Change Requests to the T2S Board;

The CSG:

- shall make a resolution addressed to the T2S Board regarding the prioritisation of Change Requests stemming from the Participating CSDs or in relation to the functioning rules of Securities Accounts;

- may prepare a proposal to the T2S Board on the prioritisation of all Change Requests.

The NECSG:

- shall make a resolution addressed to the T2S Board regarding the prioritisation of Change Requests stemming from the Connected NCBs or in relation to the functioning rules of Dedicated Cash Accounts:

- may prepare a proposal to the T2S Board on the prioritisation of all Change Requests.

The T2S Board:

- shall prepare a proposal for the prioritisation of all T2S Stakeholder Change Requests to be submitted to the Governing Council taking into account the views of the AG, the CSG and the NECSG. If the proposals for prioritisation of Change Requests provided by the
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T2S Board, the AG, the CSG and the NECSG diverge, the T2S Board shall aim at finding consensus and seeks the views of the AG, the CSG and the NECSG before submitting the final proposal on the prioritisation of Change Requests to the Governing Council.

The Governing Council:

- shall prioritise all T2S Stakeholder Change Requests on the basis of a T2S Board proposal, to which the views obtained from the AG, the CSG and the NECSG are attached.

2.2 Changes driven by Legal and Regulatory Requirements

Changes motivated by Legal and Regulatory Requirements shall be dealt with in T2S according to the standard procedure set out in Schedule 9 (Change and Release Management) with high priority, in accordance with the principle that T2S shall support the participating CSDs in complying with oversight, regulatory and supervisory requirements, and following the relevant decision-making process. Such Change Requests have to be initiated by the affected entities.

However, several cases have to be distinguished:

(a) Changes in European legislation are dealt with as quickly as possible or as required in the legislation. The analysis of the Change Request by the various T2S Governance Bodies mentioned in this note concerns only the modalities of the implementation.

(b) It is expected that the Participating CSDs and Central Banks inform the T2S Board on any proposed change in national legislation with an impact on T2S as early as reasonably practicable. The relevant Change Requests shall be dealt with according to the standard procedure. The final decision shall be taken by the Governing Council and a potential refusal shall include the reasons why the implementation of the Change Request is not feasible.

(c) Change Requests resulting from a Relevant Competent Authority request shall follow the standard procedure and the Eurosystem shall involve the AG, the CSG and the NECSG. Should these discussions lead to a disagreement with the Relevant Competent Authority, the Change Request shall be brought to the Governing Council and the Relevant Competent Authority will be invited to submit its written view directly to the Governing Council. The Governing Council would then take due account of the views of the Relevant Competent Authority before making a decision. Should the Governing Council reject the Change Request, it will provide a written explanation of the rationale to the Relevant Competent Authority. The Governing Council can reconsider its decision based on additional
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229 information provided by the Relevant Competent Authority. When a Change Request
230 resulting from a Relevant Competent Authority request relates to only one market it shall not
231 be in contradiction with the General Principles of T2S and relevant costs shall be borne by
232 the Participating CSDs, subject to the regulatory decision.

233 (d) Changes under (b) and (c) above which involve legislation or regulatory requirements in a
234 non-euro area country are discussed in the Governors’ Forum, if the Governor of the relevant
235 Connected NCB so requests.

236 The Eurosystem shall aim at finding solutions to the cases outlined above, including the
237 possibility of optional features to the extent that they are technically viable and within the Lean
238 Scope of T2S.

239 2.3 Transparency

240 In order to allow a wide range of market participants to remain closely involved in T2S
241 developments, the extensive T2S transparency regime shall be continued and relevant
242 documentation and information shall be made available on the T2S’s website. In particular, the
243 Eurosystem’s offer of the future updates of the Framework Agreement to all interested CSDs and
244 of the Currency Participation Agreement to all interested non-euro area NCBs shall be made
245 transparent. Furthermore, relevant advice, resolutions and decisions related to changes shall be
246 published. This transparency will allow all T2S Stakeholders to contribute to ongoing T2S
247 discussions and make their views known to relevant T2S Governance Bodies.

248 2.4 Technical groups supporting the T2S Governance Bodies

249 Each T2S Governance Body has the possibility to establish technical groups, and to dissolve
250 them, to deal with T2S issues that are within its remit. The T2S Board shall make proposals to
251 avoid duplication of substructures on similar topics.

252 The technical groups shall in particular:

253 (a) ensure that T2S and subsequent releases go-live and that CSDs, as well as Central Banks, are
duly and timely prepared, including with regard to the relevant aspects of User Testing and
255 Migration;

256 (b) review, in line with Schedule 2 (T2S Programme Planning and Monitoring), the CSD and/or
257 Central Bank-relevant planning and programme reporting, including risks and issues;

258 (c) assess Change Requests, as defined in Schedule 9 (Change and Release Management);
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(d) develop and maintain the Manual of Operational Procedures; and

(e) meet the Eurosystem to review the T2S service performance against the SLA.

The technical groups shall report to the relevant T2S Governance Bodies. The technical groups have the possibility to exchange relevant information directly among themselves. They organise their work in an efficient manner to fulfil their mandates, including the possible creation of their own substructures.

At the time of the signature of the Currency Participation Agreement, the following groups have been considered as technical groups:

(a) PMG: Project Managers Group, established by the Steering Level and consisting of project managers of Participating CSDs, euro area NCBs, non-euro area NCBs, the ECB and 4CB. The T2S Board shall appoint the chairperson of the PMG on the basis of her/his technical expertise after consultation of the CSG and the NECSG. The PMG reports to the T2S Board and keeps the CSG and the NECSG informed of its work. It needs to ensure that T2S and subsequent releases go live and that CSDs as well as Central Banks are duly and timely prepared. Its name, mandate and need for continuation will be reviewed when all CSDs and Central Banks will have migrated to T2S.

(b) CRG: Change Review Group, established by the Steering Level and consisting of product managers and functional experts of Participating CSDs, euro area NCBs, non-euro area NCBs, the ECB and 4CB. User representatives participate in the CRG as observers. The T2S Board shall appoint the chairperson of the CRG on the basis of her/his technical expertise after consultation of the CSG and the NECSG. The CRG reports to the CSG via the ECB. The ECB disseminates the deliverables of the CRG also to the T2S Board, the AG and the NECSG. It assesses Change Requests as defined in Schedule 9 (Change and Release Management). The CRG and the PMG also need to exchange information regarding the impact of changes on the T2S timeline. The CRG continues the work of the AG Sub-Group on User Requirements Management.

(c) OMG: Operations Managers Group, established by the Steering Level and consisting of operations experts of Participating CSDs, euro area NCBs, non-euro area NCBs, the ECB and 4CB. Representatives of Users which are Directly Connected Parties may participate in the OMG as observers for specific agenda items. The T2S Board shall appoint the chairperson of the OMG on the basis of her/his technical expertise after consultation of the CSG and the NECSG. The OMG reports to the T2S Board and informs the AG, the CSG and the NECSG. It develops and maintains the Manual of Operational Procedures, meets to review the T2S service performance against the SLA and coordinates the management of
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293 operational incidents. The OMG continues the work of the AG Sub-Group on Operational Framework.
Annex 1 - Mandate of the NECSG

1 Preamble

TARGET2-Securities (T2S) is a multi-currency system for the whole of Europe. The T2S Services that the Eurosystem offers to Central Securities Depositaries (CSDs) in Europe allow for the core, neutral and borderless settlement of securities transactions on a Delivery-versus-Payment basis in Central Bank Money for all participating currencies. The provision of T2S Services in different currencies is based on the cooperation between Central Banks and the equality of all currencies in T2S.

2 Objective

The ECB’s Governing Council and the governing bodies of the non-euro area national central banks that signed the Currency Participation Agreement (CPA) (hereinafter the ‘Connected NCBs’) have established the Non-euro Currencies Steering Group (NECSG). The NECSG discusses all matters of relevance for Connected NCBs in T2S. It is the objective of the NECSG to achieve consensus and to avoid where possible transmitting individual views to the Eurosystem.

The NECSG supports the decision-making process in T2S, which has a multilateral character, by providing the Eurosystem, to the extent possible, with a common position of the Connected NCBs on matters of relevance for Connected NCBs in T2S. The NECSG works within the Governance specified in the corresponding CPA Schedule.

3 Responsibilities

In the T2S Governance, the NECSG is responsible for articulating and coordinating the views of Connected NCBs.

The NECSG may agree on a resolution on any issue in relation to T2S, and in particular on:

- changes to the CPA and its Schedules, in line with the applicable procedures;
- any issue brought to the Governing Council with implications for the CPA;
- issues brought to the attention of the Governing Council in relation to changes to T2S;
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321  • changes to the T2S Scope Defining Set of Documents, in line with the applicable
322  procedures specified in the CPA Schedules 8 (Governance) and 9 (Change and Release
323  Management);

324  • the prioritisation of Change Requests stemming from Connected NCBs;
325  • disputes between the Eurosystem and CSDs upon the invitation of the T2S Board, the
326  Governing Council or the CSD Steering Group;
327  • any other consultation request of the T2S Board or the Governing Council.

328  The outcome of a discussion in the NECSG neither restricts the ability of a Central Bank to
329  safeguard the integrity of its currency (which, for the purposes of the CPA, includes the
330  implementation of monetary policy including all credit operations as well as the settlement in
331  Central Bank Money in the respective currency) nor the control over its respective cash accounts
332  (including the exercise of its rights and duties under the CPA), nor pre-empts the right of the
333  Governor of any of the Connected NCBs to request a meeting of the Governors’ Forum.

334  4 Composition

335  The NECSG is composed of senior managers nominated by the respective Governors of all
336  Connected NCBs. The NECSG Chairperson is elected by the members of the NECSG and
337  appoints a very experienced member of staff of any of the Connected NCBs or the ECB as
338  NECSG Secretary. The NECSG Chairperson may designate an alternate to replace the NECSG
339  Secretary in exceptional circumstances.

340  The NECSG Chairperson may invite the T2S Board Chairperson to attend their discussions as an
341  observer.

342  5 Term

343  The NECSG’s mandate starts as of the Agreement Date and expires with the replacement of the
344  CPA with a new agreement and/or with the termination of the CPA by the signatories. The term
345  of the NECSG members begins and ends at the same time as the term of the members of the T2S
346  Board.

347  6 Reporting

348  The NECSG provides resolutions to the T2S Board as the managing body of T2S, upon invitation
349  or on its own initiative. The NECSG may transmit its resolutions directly to the Governors’
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For the Forum and/or the Governing Council if it considers that the control of any one or more of the currencies, the General Principles of T2S or other core elements of T2S are at risk. The NECSG may establish its own procedures on the frequency of this reporting, which may vary over time during the validity of the CPA.

7 Working Procedures

The NECSG meets upon the invitation of the NECSG Chairperson and as frequently as the NECSG decides. The first NECSG meeting takes place within three months after the CPA enters into force.

The NECSG’s aim is to adopt resolutions by consensus and to avoid where possible transmitting individual views to the Eurosystem. However each individual member of the NECSG has the right to:

- include an opinion in an NECSG resolution that differs from the view of the other central banks; and
- escalate an issue to the Governors’ Forum if they consider that a T2S Board decision negatively affects their ability to safeguard the integrity of their respective national currency.

Any NECSG member may propose a resolution. A disagreement between one or more Connected NCBs and the Eurosystem may be escalated from the technical, expert and sub-structure level to the NECSG. The NECSG may invite the T2S Board Chairperson or another T2S Board member to its discussion. The NECSG may request the advice of the CSD Steering Group and/or the T2S Advisory Group. It is the objective of the NECSG to achieve consensus. However, if the NECSG members and the T2S Board Chairperson cannot reach a mutually agreeable solution, the issue is escalated to the T2S Board and ultimately to the Governors’ Forum.

The NECSG may establish sub-structures to support its work if it considers this necessary. It coordinates with the T2S Board who organises work in such a way that all relevant T2S Governance Bodies are properly involved without duplicating sub-structures on similar topics.

Detailed working procedures are specified in the ‘Rules of Procedure’ to be drafted by the NECSG. The T2S Board has the possibility to express a non-binding opinion on the Rules of Procedure before their entry into force.

As part of the transparency principle of T2S, NECSG resolutions are in principle published on T2S’s website.
Annex 2 – Mandate of the Governors’ Forum

1 Objective

The ECB’s Governing Council and the governing bodies of the non-euro area national central banks that signed the Currency Participation Agreement (CPA) (hereinafter the ‘Connected NCBs’) have established the Governors’ Forum. The Governors’ Forum discusses in exceptional circumstances matters of relevance for Connected NCBs in TARGET2-Securities (T2S) that could not be resolved by other bodies. It is the clear objective of the Governor’s Forum to discuss and settle such disputes by agreeing on a common resolution in consensus.

2 Responsibilities

The Governor’s Forum deals with all disputes between the Eurosystem and the Connected NCBs arising in relation to the implementation of the CPA and to T2S in non-euro area countries in general when all other methods of reaching a consensus have been exhausted.

Appropriate matters that can be brought to the Governors’ Forum include in particular, but not exclusively:

- issues related to safeguarding the integrity of the non-euro area currency (which, for the purposes of the CPA, includes the implementation of monetary policy including all central bank credit operations as well as the settlement in Central Bank Money in their currency) or financial stability;
- issues related to other legal or regulatory responsibilities of the Connected NCBs;
- issues related to the (potential) termination of a CPA and the subsequent exit management procedure for a Connected NCB.

3 Right to convene

The Governors’ Forum meets only in the event that:

(a) one or several members of the NECSG consider that a decision of the T2S Board negatively affects their ability to safeguard the integrity of their respective currency (which, for the purposes of the CPA, includes the implementation of monetary policy including all credit...
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Schedule 8 – Annex 2 – Mandate of the Governors’ Forum

operations as well as the settlement in Central Bank Money in their respective currency) or financial stability;

(b) one or several governors of Connected NCBs wish to discuss any matter that a governor feels appropriate to raise in relation to T2S;

c) the Governing Council wishes to consult the Governor’s Forum before taking a decision or to discuss any matter which the Governing Council feels appropriate to raise in relation to T2S.

4. Composition

The Governors’ Forum is composed of the governors of the Connected NCBs that have signed the CPA and an equal number of Governing Council members. The Governors’ Forum is chaired by the President or the Vice-President of the ECB.

5. Term

The Governors’ Forum is established and can be convened as of the Agreement Date until the CPA is terminated or replaced by another contractual arrangement.

6. Endorsement of resolutions

The resolutions of the Governors’ Forum require the endorsement of the Governing Council and the decision-making bodies of each of the Connected NCBs.

7. Working Procedures

The Governors’ Forum meets only upon the request of one or several Connected NCBs and/or the Governing Council and works based on consensus of its members. The Governing Council and the governors of Connected NCBs can agree to have recourse on an ad-hoc basis to expert panels. Such panels assist the Governors’ Forum in finding a compromise solution. This applies in particular to technical issues.

Relevant conclusions are made public on T2S’s website after the endorsement of the Governing Council and the decision-making bodies of each of the Connected NCBs.

The Governors’ Forum is an ad-hoc body and therefore does not require specific rules of procedure. The T2S Board Chairperson acts as secretary to the Governor’s Forum.
CURRENCY PARTICIPATION AGREEMENT

SCHEDULE 9

CHANGE AND RELEASE MANAGEMENT
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Introduction

There will be changes in T2S for a variety of reasons. Due to the fact that these changes need to be translated in a timely and consistent way into functional, legal, operational or technical specifications, with the involvement of (and impact on) all relevant T2S Stakeholders, a proper Change and Release Management process (CRM) must be defined and implemented. In addition, the implementation of any of these changes can risk damaging the service’s availability or integrity, and may require changes (or specific monitoring efforts) on the part of entities connected to, or relying on, T2S. The CRM process is thus essential in order to efficiently track and manage changes to T2S and to mitigate the risks associated with these changes.

The definition of a release will follow a demand driven model, meaning that a priority rating is used to establish the order in which the authorised changes should be considered for a particular T2S release, and also taking into consideration the available capacity and the resources for implementing the change.

The CRM process is based on the ITIL (Information Technology Infrastructure Library) framework version 3.0 for IT service management.

The CRM process will apply before and after T2S Go-Live Date, for all Change Requests (falling within the scope of this document) that are initiated as from the entry into force of the Framework Agreement respectively the Currency Participation Agreement.

The Eurosystem, the CSDs that have signed the Framework Agreement (FA) (‘Participating CSDs’) and the non-euro area NCBs that have signed the Currency Participation Agreement (CPA) (‘Connected non-euro area NCBs’) will be entitled to participate in the CRM process as full members of the technical groups in accordance with the T2S Governance. User representatives participate in the CRG as observers.

Meanwhile, the CSDs and non-euro area NCBs which have not yet entered into an agreement with the Eurosystem by the agreed date will have no right of co-decision in the CRM process until they sign. They will be kept informed about the changes to the T2S Services via T2S communication channels.
1. Objective

The objectives of the CRM process are to:

- Respond to the relevant T2S Stakeholders’ changing business requirements while maximising value and minimise the risk of change related incidents;
- Ensure that Change Requests falling within the scope of this document will be managed within the Lean Scope of T2S;
- Ensure that Change Requests are managed in an efficient and controlled manner from the initiation until implementation (recorded and then evaluated, authorized, and that the resulting changes are prioritized, planned, tested, implemented, documented and reviewed in a controlled manner);
- Ensure that Change Requests falling within the scope of this document are communicated to all relevant T2S Stakeholders in accordance with the rules laid down in this Schedule and in Schedule 8 (Governance);
- Agree on the exact T2S release content and plan the successful rollout of a release into the production environment; and
- Ensure that all changes are traceable, secure and that only correct, authorised and tested versions are installed on the T2S production environment.
2. Scope

The CRM process applies to

- all functional changes which trigger any addition to, deletion from or modification of any item in T2S as defined in the T2S Scope Defining Set of Documents¹, as well as to changes to these documents, even if they do not have an impact on the T2S functionality;

- the requirements to be fulfilled by NSPs, as laid down in – and taking into account the provisions of – the Licence Agreement, and to the specifications for the Value-added Connectivity Services necessary to implement the Dedicated Link Connections; and

- non-functional changes that affect T2S functionality: they are modifications to the technical platform on which T2S operates, or to the T2S software that do not change the functionality, but their implementation potentially impacts the interoperability and services of CSDs, Central Banks and/or Directly Connected Parties (DCPs). An example for this category of change would be an upgrade of the database software that would require testing by CSDs and Central Banks prior to its implementation in production.

The General Principles of T2S in Section 1.2 of the User Requirements Document cannot be changed as a by-product of another Change Request, but only by a separate Change Request to the General Principles of T2S, which follows the decision-making process in this Schedule and respecting the Eurosystem rights as described in Schedule 8 (Governance). If any other Change Request falling within the scope of this Schedule is not in line with the General Principles of T2S as they read from time to time in the User Requirements Document, the CRG will immediately report such inconsistency to the Steering Level and wait for guidance before continuing the assessment of that Change Request.

Any change subject to the CRM process must be undertaken following the process outlined in this document.

Corrections/changes covered by maintenance activities for fixing errors, mistakes, failures or faults in the software system, which produce an incorrect or unexpected result, or cause it to behave in unintended ways (e.g. fixing errors in coding, design or detailed specification, performing changes to the system caused by an incident/problem) will be managed according to the procedures defined in the Manual of Operational Procedures. However, although these

¹ The T2S Scope Defining Set of Documents as defined in the Schedule 1 (Definitions) to the FA and the CPA.
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corrections/changes do not need assessment and authorisation in the context of Change Management process, they follow the Release Management process as described in chapter 5.2.

The following changes are not subject to the CRM process:

- Technical changes to hardware/infrastructure components (i.e. non-functional changes without impact on the T2S functionality) under the control of the Eurosystem that are necessary to sustain the daily operation of T2S in accordance with the Service Levels specified in Schedule 6 (T2S Service Level Agreement). The respective arrangements/procedures for handling these changes are covered in Schedule 6 (T2S Service Level Agreement) and will be detailed in the Manual of Operational Procedures. The operational body/team responsible for managing and implementing the technical changes should liaise closely with the Change Review Group (as defined in section 3.1.3) to ensure a smooth implementation, in particular in case of technical changes that may have an impact on the service delivered (based on the risk assessment);

- Business configuration changes related to market parameters that can be done by the Participating CSDs / CBs or by the Eurosystem in accordance with the procedures defined in the Manual of Operational Procedures;

- Changes related to non-functional and non-technical documentation e.g. Manual of Operational Procedures, Registration and Connectivity Guides, training materials, etc;

- Updates of the baseline version of T2S Specification and T2S Operational Phase Documents, which follow a Deliverable Change Process. The process and the substructure involved are defined in Schedule 2 Annex 8 (T2S Deliverables list and management process) to the FA and CPA;

- Other changes related to the FA and its annexes, respectively to the CPA and its annexes that will be managed according to the relevant procedure as set out in the FA, respectively the CPA or the relevant annex following the applicable Governance regime.

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2 In accordance with the Preamble D of the Framework Agreement, the Participating CSDs shall retain full control of the parameter of its business operations. This applies e.g. for Participating CSDs for setting up the T2S Securities Accounts for their customers including all needed access rules, granting of access privileges, etc. Setting up of these parameters and rules should be done according to the best market practices and the relevant regulatory requirements.

3 T2S Specification and T2S Operational Phase Documents as defined in the Schedule 1 (Definitions) to the FA and the CPA and in the Schedule 2 Annex 8 (T2S Deliverables list and management process).
3. Entities involved in the CRM process

There are two levels differentiated in the CRM process: a “technical” level and a “Steering” Level. The Participating CSDs and the Central Banks are expected to organise themselves according to these two levels.

3.1 Technical level

3.1.1 ECB

The T2S Team of the ECB supports the T2S Board in the CRM process. The roles and responsibilities of the ECB at the different stages of the CRM process are described in the chapters 4.2 and 5.2 of this Schedule. They include inter alia:

- being the entry point for all Change Requests;
- keep a register of all Change Requests;
- manage their processing as described in this document;
- monitor Change Requests during their entire lifecycle, from the initiation until they have reached their end status (i.e. authorization or rejection);
- monitor the release definition and its implementation;
- track progress and issues that may influence decision-making and report them inter alia to the Change Review Group;
- ensure availability of the relevant information to the relevant T2S Stakeholders.

3.1.2 4CB

4CB means the Deutsche Bundesbank, the Banco de España, the Banque de France and the Banca d’Italia, collectively, in their capacity as NCBs responsible for building, maintaining and running the T2S Platform based on the respective contractual arrangements and on decisions of the Governing Council. In the context of CRM process, the 4CB is entrusted with different roles and responsibilities as described in the chapters 4.2 and 5.2 of this Schedule. They include inter alia:

- assess the impact stemming from requests for new functionalities or technical
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128 enhancements from a technical, functional and operational point of view (feasibility, planning, budget);

130 • building, configuration and delivery of a release into production;

131 • propose the time-frame for implementing a change or a release;

132 • examine the impact on the system security and provide a security impact assessment;

133 3.1.3 Participating CSDs and the Central Banks

134 The euro area NCBs, the Participating CSDs and the Connected non-euro area NCBs are entitled to participate in the CRM process. Their roles and responsibilities at different stages of the CRM process are described in the chapters 4.2 and 5.2 of this Schedule. They include inter alia:

137 • act as full members of the Change Review Group (CRG);

138 • initiate Change Requests on their own or customers’ behalf;

139 • evaluate and monitor Change Requests;

140 • monitor release definition and implementation;

141 • test and verify releases;

142 • involve their respective user communities in the process.

143 3.1.4 Change Review Group (CRG)

144 With regard to the CRG will be responsible, inter alia for/ in charge of:

145 • reviewing Change Requests on regular basis, evaluate the information provided in the Change Request and in the assessment (checking its consistency and completeness across all Change Requests) and making proposals for decision making at the Steering Level.

148 • building and maintaining the scoring mechanism according to which authorised changes will be ranked in view of their implementation in (one of) the next release(s).

150 • reviewing the content of each release as well as any changes to the agreed release.

151 As regards the interactions with the Steering Level, the role of the CRG is limited to managing the process from reviewing and evaluating the Change Request to making proposal for its authorisation/rejection as well as the ranking of authorised changes based on the scoring mechanism. The CRG will aim at reaching a common agreement in making a proposal to the
Steering Level for their decision-making. In case of disagreement, both majority and minority views will be reported to the Steering Level. Once the decision to authorise a change or to define the content of a T2S release has been taken, the decision is binding for the CRG’s furtherwork.

The CRG reports to the CSG via the ECB. The ECB also provides the deliverables of the CRG to the T2S Board, the AG and the NECSG.

The CRG will be informed and – to the extent possible and relevant – consulted on technical changes and changes that need to be implemented urgently in order to restore and continue the provision of T2S Services, by the relevant operational groups responsible for handling these changes, in accordance with the procedures defined in the Manual of Operational Procedures.

The CRG will schedule regular meetings, typically every 2 months, but meetings can also be organised more frequently if deemed necessary. The CRG should have face-to-face meetings, however some of the assessment process can be handled in written procedure if this process is accepted by the CRG in advance.

3.1.5 Project Managers Group (PMG)

With regard to CRM, inter alia, the PMG will be responsible for:

- preparing the plan for implementation of T2S releases;
- coordinating and monitoring the implementation of T2S releases;
- providing a T2S release scope for approval to the T2S Steering Level based on the list of ranked and assessed change requests from the CRG and the list of ranked and assessed production problems from the OMG;
- reviewing and monitoring the content of each release as well as any changes to the agreed T2S release scope.

3.1.6 Operations Managers Group (OMG)

With regard to CRM, inter alia, the OMG will be responsible for:

- assessing and ranking production problems that are pending resolution; and
- reviewing the content of each release as well as any changes to the agreed T2S release scope.

4 The authorisation of a Change Request is covered in the chapter 4.2.3
3.2 Steering Level

Without prejudice to the role of the Governing Council, the governance bodies at the Steering Level are (i) the T2S Board, (ii) the CSD Steering Group (CSG) and (iii) the Non-euro Currencies Steering Group (NECSG) as defined in the FA and the CPA.

Their roles and responsibilities in the decision-making process of changes and in the prioritisation of Change Requests for defining the content of the next T2S releases, as well as the escalation and dispute resolution procedure in case of disagreement between the Participating CSDs and the Eurosystem, or between the non-euro area NCBs and the Eurosystem are described in the FA, the CPA and Schedule 8 (Governance).

Each governance body at the Steering Level will receive information from the technical groups via the ECB with respect to the CRM process. In the spirit of transparency, this information will also be shared with the Advisory Group in accordance with Schedule 8 (Governance).
4. Change management

4.1 Categorisation of changes

4.1.1 Type of change according to urgency

According to its level of urgency, a change falls under one of the following categories:

- Normal changes: changes that can be planned without time constraints and will go through the CRM process before being implemented into the production environment.

- Fast-track Changes: changes that are imposed by Legal and Regulatory Requirements, or by CSG resolutions related to risk management, or changes that are critical for the stability of the T2S Platform or imposed by Central Bank decisions related to safeguarding the currency/ies or related to crisis management measures to ensure financial stability and that, owing to the time constraints, have to be implemented in a shorter timeframe than normal, which will be decided on an ad-hoc basis. These changes will also go through the CRM process, however, the length of the different process steps will be shortened on an ad-hoc basis, in particular for preliminary and detailed assessment. The CRG may also provide a recommendation to the PMG to coordinate the allocation to a release and the detailed assessment without requiring a preliminary assessment in case of a fast-track change.

4.1.2 Type of change according to beneficiary

Irrespective of the urgency, all changes subject to the CRM process fall into one of the following categories:

- Common Changes: any new feature, functionality or service – or any amendment of an existing feature, functionality or service – which is implemented for the benefit of all T2S Actors.

- Specific Changes: any new feature, functionality or service – or any amendment of an existing feature, functionality or service – which is not implemented as a Common Change (within the applicable Governance arrangements), but which some Participating CSDs and/or CBs wish to implement, provided that it is compliant with the Lean Scope of T2S, and for which they jointly accept to bear the investment and running costs. In case of Specific Change i) the unauthorised use should be either controlled or monitored.
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(as agreed in the request); ii) in order to avoid any impact on non-supporting Participating CSDs/CBs, the implementation mechanism will be based – if possible – on the approach that the functionality will be made available to all parties, but that those not wishing to use it, are not impacted by the change. iii) If this backward compatibility cannot be ensured, the change can only be authorised upon agreement of each non-supporting CSD/CB. These changes may be triggered by:

- market-specific regulatory, legal, fiscal or market-specific requirements or,
- innovation or improvement considered useful by one or more Participating CSDs or CBs.

4.1.3 Parameters of changes

Each change is categorised based on a number of parameters which are used to indicate how important or delicate a change is relative to others changes.

4.1.3.1. Parameter 1: Legal/business importance

The importance of a Change Request derives from the business need for a change and should be part of the business justification. From an importance viewpoint, the Change Requests will be classified into one of four categories as defined below:

<table>
<thead>
<tr>
<th>Category</th>
<th>Definition</th>
</tr>
</thead>
</table>
| Critical | 1) A change required by the Eurosystem or by a Connected non-euro area NCB to implement its statutory tasks.  
2) A change relating to an area which would - if the change is not implemented - prevent Participating CSDs or CBs or their customers from connecting to and/or using T2S or put the requester in non-compliance (after implementing any work-arounds) with legal, regulatory (including, among others, unacceptable operational risks), or fiscal requirements.  
3) Changes to preserve security, systems availability and stability etc. |

### Currency Participation Agreement

#### Schedule 9 – Change and Release Management

<table>
<thead>
<tr>
<th>Category</th>
<th>Definition</th>
</tr>
</thead>
</table>
| **High** | 1) A change that would offer a significant enhancement and benefits to the T2S Service or the T2S Actors.  
2) A change to embody agreed harmonisation in T2S where there is a high efficiency benefit.  
3) A change to significantly improve safety or stability.  
4) A change to remove major ambiguity or inconsistency in the T2S Scope Defining Set of Documents or the T2S Documentation. |
| **Medium** | 1) A change with moderate efficiency benefits, but which does not have an important harmonisation dimension.  
2) A change to improve the usability of the system.  
3) A change to remove minor ambiguity or inconsistency in the technical and functional documentation. |
| **Low** | 1) Changes that are “nice to have” and are useful to pad out a release.  
2) A change to improve clarity of the technical and functional documentation. |

#### 4.1.3.2. Parameter 2: Market implementation efforts

Change Requests will be classified into three categories on the basis of the effort required by the market to properly implement and timely absorb the change (i.e. implement the necessary IT changes, adapt the operational procedures, integrate the change into the service offerings, adapt the legal arrangements, etc.)

<table>
<thead>
<tr>
<th>Category</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>High</strong></td>
<td>Changes that require high efforts (a long implementation time and significant resources) on the side of the majority of Participating CSDs, CBs and/or their communities in order for them to be able to implement the change and take full benefit of it.</td>
</tr>
<tr>
<td><strong>Medium</strong></td>
<td>Changes that require high efforts (a long implementation time or significant resources) on the side of a minority of Participating CSDs, CBs and/or their communities or medium efforts on the side of the majority of Participating CSDs, CBs and/or their communities in order for them to be able to implement the change and take full benefit of it.</td>
</tr>
<tr>
<td><strong>Low</strong></td>
<td>Changes that do not require a long implementation time and any significant resources on the side of Participating CSDs, CBs and their communities in order</td>
</tr>
</tbody>
</table>
4.1.3.3. Parameter 3: Operational/technical impact

Change Requests will be classified into three categories on the basis of the operational/technical impact if the change is undertaken, i.e. the risk that a change might trigger (some) instability on the T2S Platform. The technical/operational risk of a change is its potential undesirable/unexpected adverse impact on the T2S Platform and on the CSD/CBs.

<table>
<thead>
<tr>
<th>Category</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Changes that have the potential to significantly threaten the Service Level for a significant part of T2S Services or have a significant operational impact on the Participating CSDs, CBs or 4CB, because insufficient mitigating measures can be taken.</td>
</tr>
<tr>
<td>Medium</td>
<td>Changes that have the potential to significantly threaten the Service Level for a minor part of T2S Services or have a limited operational impact on the Participating CSDs, CBs or 4CB, because insufficient mitigating measures can be taken.</td>
</tr>
<tr>
<td>Low</td>
<td>Changes that are expected not to threaten the Service Level for Participating CSDs or CBs or to have no or insignificant operational impact on the Participating CSDs, CBs or 4CB.</td>
</tr>
</tbody>
</table>

4.1.3.4. Parameter 4: Financial impact for T2S

An indication of the impact of the change on the required cost will be provided by the 4CB during the preliminary assessment phase. During the detailed assessment phase, the 4CB will provide the precise investment cost and the annual running cost, including a breakdown on costs for hardware, software and telecommunication.

Change Requests will be classified into five categories on the basis of the cost impact for the implementation of the Change Request.

<table>
<thead>
<tr>
<th>Category</th>
<th>Financial Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very high</td>
<td>Changes with an investment cost of at least 700 000 EUR</td>
</tr>
<tr>
<td>High</td>
<td>Changes with an investment cost of at least 400 000 EUR, but less than 700 000 EUR</td>
</tr>
</tbody>
</table>
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<table>
<thead>
<tr>
<th>Level</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Medium</strong></td>
<td>Changes with an investment cost of at least 200 000 EUR, but less than 400 000 EUR</td>
</tr>
<tr>
<td><strong>Low-medium</strong></td>
<td>Changes with an investment cost of at least 100 000 EUR, but less than 200 000 EUR</td>
</tr>
<tr>
<td><strong>Low</strong></td>
<td>Changes with an investment cost of less than 100 000 EUR</td>
</tr>
</tbody>
</table>
4.2 Change Management process

All changes defined in chapter 2 as falling within the scope of the CRM process are subject to the Change Management (CM) process, the principles of which this section describes. The detailed description of Change Management is documented in the T2S Operational Governance Process Framework, which is listed in the Annex to Schedule 2 of the FA and CPA as a T2S deliverable.

4.2.1 Change Request Initiation and Registration

The requester, i.e. Participating CSDs, euro area NCBs, Connected non-euro area NCBs, the ECB or the 4CB, can submit a Change Request to the ECB using the standard form attached in Annex 1 (Change Request Form) and supply key information such as the title of the requested change, its description (changes in the existing features and functionalities, new features and functionalities in T2S), its business motivation (including the legal/regulatory requirement\(^5\)), the urgency of the change, the categorisation of change, the date of the request, etc.

Users will always initiate Change Requests indirectly via a Participating CSD or a Central Bank. If this is not successful, Users can propose the initiation of a Change Request as a resolution in the AG. Then upon agreement of the AG, the Change Request is submitted for registration to the ECB who will submit it to the CRG for consideration according to the process described in this chapter.

The requester should clearly state in the description of the change whether the change should be implemented as a Specific Change and whether the unauthorised use of the Specific Change should be prevented or monitored.

Upon receipt the ECB will check the proposed Change Request for formal completeness, collect any missing information from the requester, register the Change Request and confirm its receipt to the requester. The ECB will submit the registered Change Request to the CRG to perform a formal validation. The CRG will check the clarity and completeness of the request, that no complementary changes will be required for its implementation, confirm if the change should be assessed as a Specific Change and/or as a Common Change considering the interest expressed by the other Participating CSDs/ CBs and agree carrying on with the preliminary assessment.

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\(^5\) Changes which are motivated by Legal and Regulatory Requirements will be implemented according to chapter 2.2. of Schedule 8 (Governance).
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After the CRG’s validation, the registered Change Request will be published on the website.

4.2.2 Preliminary assessment

Upon the agreement of the CRG to carry out the preliminary assessment, the ECB and the 4CB will perform a preliminary assessment of the proposed Change Request.

The preliminary assessment includes:

- compliance check: whether it falls within the Lean Scope of T2S and does not conflict with another Change Request already submitted;

- functional assessment: how does it affect the functionality as described in the T2S Scope Defining Set of Documents;

- technical assessment: evaluate the technical feasibility and complexity, analyse which domains, business sub-areas or other RTGS and/or CMS systems will be impacted. If necessary, the ECB will cooperate with the relevant non-euro area NCBs and consult the relevant ESCB committees or business areas that are responsible for these Eurosystem services;

- cost assessment: preliminary indication of the impact of the change from a cost perspective (see Parameter 4 in chapter 4.1.3.4 above);

- risk assessment: whether it could trigger instability to the T2S Platform or create performance problems.

The result of the preliminary assessment will be provided by the ECB to the CRG for evaluation, in average 6 weeks and maximum 8 weeks from the agreement of the CRG to carry out the preliminary assessment.

While preliminary assessment is conducted by the ECB and 4CB, the Participating CSDs and CBs will consult their user communities in order to collect information on the change benefits and its impact on the process on the Users’ side. This will allow the Users to provide their input and ensure that T2S provides functionality according to the needs of the market.

The CRG will review the outcome of the preliminary assessment and, based on that, provide a recommendation to the Steering Level on whether to authorise or reject the Change Request.

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6 If the Change Request relates to safeguarding the integrity of the respective currency and/or financial stability as part of crisis management measures, transparency could be limited to the contracting T2S Actors upon request of a Central Bank.
313 inclusion in the ranking procedure. The CRG may also decide to reject a change request after
314 preliminary assessment. This requires the agreement of the requester, in which case the process
315 stops at this stage. The governance bodies at the Steering Level will be informed accordingly. If
316 there is a disagreement from the requester, the issue is escalated to the Steering Level for
317 guidance.

318 4.2.3 Authorisation

319 The Steering Level authorises or rejects a Change Request in accordance with Schedule 8
320 (Governance).

321 The Steering Level may request further evaluation to be conducted by the CRG in order to
322 complement the overall picture. In that case, the impacts of the Change Request will be re-
323 assessed/evaluated as described in chapter 4.2.2.

324 The final decision on the Change Request may be:

325 1. To reject the Change Request. If all Participating CSDs and CBs agree on this
decision then the process stops at this stage.

327 2. To authorise the change, as well as its cost recovery method, according to the
principles specified in Schedule 7 (Pricing) to the FA and the CPA.

329 If a change is authorised after a failed dispute resolution in the Governors’ Forum, which triggers
330 the termination of the CPA by a non-euro area NCB, the latter has the right to exit T2S within a
331 maximum period of 24 months. During this time and to the extent relevant for the operation of
332 T2S, the non-euro area NCB shall not be affected by the change that triggered their termination.
333 If such a change is imposed by a competent EU authority (i.e. any organization that
334 has regulatory, supervisory or oversight authority over the NCB, or a Connected NCB or a
335 Participating CSD (as required by the context) with cross-border competences), the concerned
336 CB will either make its best endeavours for a quicker exit, or will make the necessary changes in
337 its system so that T2S can implement the change.

338 The final decision of the Governing Council shall be published on the T2S website. Once
339 authorised, the Change Request will become part of the list of authorised changes, and hence
340 become eligible for implementation in (one of) the next T2S release(s), as explained in chapter 5
341 on the Release Management process.
5. Release management

The Release Management (RM) process ensures that all aspects of a change, technical and non-technical, are considered together. The main objective is to deliver, distribute and track one or more changes intended for simultaneous release into the live environment while protecting the integrity of the production environment and its services.

The RM process covers the planning, design, build, configuration and testing of software and hardware to create a set of release components for the production environment. The term “Release” is used to describe a collection of authorised changes which typically consist of enhancements to the T2S Service (i.e. new and/or changed software required and any new or changed hardware needed for the implementation of the changes) and a number of production problem resolutions which are implemented into the production environment.

The goal of the RM process is to ensure that authorised changes and the production problem resolutions that have been agreed as part of a release are secure and traceable, and that only correct, tested and authorised versions are installed into the production environment.

All authorised changes initiated via a Change Management process and the production problem resolutions shall follow the RM process.

5.1 Release types and frequency

As of the T2S Go-Live Date the releases can be classified as follows:

- Major release: a release that consists of a set of software changes that affect a significant part of the functionality or that adds substantial new functionality. It may also include the resolution of identified production problems.

- Minor release: a release that encompasses a set of software changes to align with the regularly scheduled update of the ISO 20022 message standard, and, when feasible, to implement a limited number of Change Requests that do not affect a significant part of the functionality. It may also include the resolution of identified production problems.

- Fast-track release: if T2S is confronted with changes that are imposed by Legal and Regulatory Requirements, or by CSG resolutions related to risk management, or changes that are critical for the stability of the T2S Platform or imposed by Central Bank decisions related to safeguarding the currency/ies or related to crisis management.
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measures to ensure financial stability that cannot be bundled into the next major or
minor release due to the time constrains, T2S will have to comply with these
requirements, possibly with an additional release, typically containing only the relevant
change(s).

- Production problem release: it includes the resolution of identified production problems
which cannot be planned for the next major or minor release.

After the T2S Go-Live Date given the active involvement required from various relevant T2S
Stakeholders over a certain period of time, the frequency of releases should be minimised in
order to be able to manage risks adequately. The optimum frequency of releases should be
balanced between the business requirements and the relative impact, risk and cost of the release.
Consequently, depending on needs and resource allocation, and without prejudice to the need for
any fast-track releases, the Eurosystem can support every year: one major release and - in case of
need - one minor release and two production problem releases to resolve those identified
production problems which cannot be planned for the next major or minor release.

The Participating CSDs and CBs will have the possibility to monitor the release implementation
and to carry out the testing according to the provisions currently described in Schedule 2 (T2S
Programme Planning and Monitoring) and 3 (User Testing) to the FA and to the CPA.7

5.2 Release Management process

This chapter describes the principles of the RM process that applies to all authorised Change
Requests and production problem resolutions. The detailed description of Release Management is
documented in the T2S Operational Governance Process Framework, which is listed in the
Annex to Schedule 2 of the FA and CPA as a T2S deliverable.

5.2.1 Definition of release

Based on the lists of authorised changes8, the CRG will examine each Change Request in detail
and will propose a ranking of these changes based on a scoring mechanism. The detailed
description of the process according to which authorised Change Requests will be scored is
documented in the Scoring Mechanism, which is listed in the Annex to Schedule 2 of the FA and
CPA as a T2S deliverable. Similarly, the OMG will assess and rank all production problems that
are pending resolution.

---

7 The Schedule 2 and 3 will be reviewed and amended after the T2S Go-Live Date release in order to adapt them to the
upcoming releases.

8 Excluding those changes that are frozen during the exit time of a non-euro area NCB (see chapter 4.2.3)
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When conducting the ranking exercise, the CRG should consider the following criteria for Common Changes:

- to ensure a level playing field for all T2S Stakeholders in order to create the highest possible level of satisfaction throughout all T2S Actors for each type of stakeholders’ point of view;
- to consider those changes that bring benefits to the wide majority of the Participating CSDs and CBs; and
- to select those changes which in total serve the interest of all Participating CSDs and CBs;

The CRG should also consider the following criteria for Specific Changes:

- to assess the changes with the aim of balancing the ratio of Common and Specific Changes;
- to select those Specific Changes requested by the Participating CSDs/CBs that do not benefit to a large extent from the Common Changes;
- to increase the priority of Specific Changes in proportion to the time they are waiting to be implemented.

Based on the outcome of the ranking exercises, the PMG will prepare its proposal on the content of the next T2S release.

The ECB and 4CB will prepare detailed assessments for those Change Requests and feasibility assessments for those production problem resolutions included in the T2S release scope proposal of the PMG.

In the detailed assessment the impact of the Change Requests will be evaluated based on the following dimensions:

**Functional impact** – to evaluate the functional consequences of a change, which function(s) it impacts.

**Technical impact** – to evaluate the technical consequences of a change, which module it impacts, the possible impacts on market participants, the complexity of the change, etc.
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Cost impact - the assessment of the costs in order to implement the feature. The financial impact will cover the precise investment cost and the annual running costs as well as a breakdown of costs for hardware, software and telecommunication.

Legal impact - to evaluate possible impact of the Change Request on the legal construction of T2S and to assess any legal, regulatory or fiscal requirements – particularly on the Participating CSDs and CBs concerned, as well as Intellectual Property Rights-related issues.

Service Level impact – to evaluate the impact on the Service Level, including the KPIs agreed with the Participating CSDs, CBs and the other T2S Users.

Documentation impact - assessment of the documents that will need to be modified as a result of the Change Request. This can be the URD, GFS, UDFS, GS, GTD, Service Description, the GUI Business Functionality, User Handbooks, SLA, MOP etc.

Impact on the security of the system – to examine the impact on the system security and draw the attention to any risk that the Change Request would create.

Impact on operations – to highlight any constraint that the Change Request may impose directly or indirectly on IT operations and the possible resulting technical, operational or financial impacts.

The detailed assessment takes a maximum of 10 weeks for the ECB and 4CB after the decision to conduct the detailed assessment has been taken. Each Change Request shall be analysed without undue delay and assuring the quality.

The Eurosystem will provide justification when a Change Request cannot be implemented in a release due to lack of adapting its capacity. The Eurosystem will make best efforts to adapt its capacity to manage the demand for Change Requests as soon as possible.

While defining and approving the scope of a T2S release the relevant bodies may reassess and amend the initial decision to authorise a Change Request.

Based on the outcome of the above process steps following the respective order, the PMG will provide its proposal for the T2S release scope to the T2S Steering Level after consultation with the OMG and CRG.

In case of disagreement in the PMG, the recommendation will draw the attention of each group to the changes relevant for them, outline the reasons for disagreement and if possible suggest a few variants/options with respect to the release content.
5.2.2 Release baselining

In parallel to the release scope definition, the PMG will prepare a detailed service transition plan that will ensure synchronisation with the Participating CSDs’/CBs’ planning and presents the intended scope as well as all elements required to execute and monitor the release.

All governance bodies at the Steering Level will review the PMG proposal on the content of the release including the related costs and the service transition plan for approval in accordance with Schedule 8 (Governance). At the end, the Governing Council of the ECB shall prioritise all Change Requests and take a decision on the recommended release scope and service transition plan, on the basis of a T2S Board proposal, to which the views obtained from the CSG, the NECSG and the AG are attached. The information on changes selected for the next T2S release will be published on the website.

5.2.3 Release monitoring

Once the service transition plan is finalised and agreed, the PMG will manage and monitor this plan as much in accordance with the provisions of Schedule 2 (T2S Programme Planning and Monitoring) to the FA and the CPA.

In accordance with the roles and responsibilities defined in Schedule 2 (T2S Programme Planning and Monitoring) of the FA and CPA, the following key principles will be followed in the context of release monitoring and reporting:

- A common service transition plan for the release will be maintained based upon clearly identified deliverables and synchronisation points taking into account all the respective constraints and dependencies of the involved parties;

- A regular and close monitoring of the service transition plan for the release, with decisions committing all parties will be undergone based on a comprehensive framework established to manage events that may affect the release deliverables and milestones;

- Relevant documentation and necessary information will be provided by the Eurosystsem to all involved parties as background information for supporting release monitoring and reporting;

- Regular meetings will be organised between the Eurosystsem and the Participating CSDs/CBs to review and discuss the overall status assessment of the T2S release implementation, to discuss progress and any risks and issues that might jeopardize the release, and recommend mitigation measures/corrective actions;

- A reporting framework will be established by the Eurosystsem to inform regularly all
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involved parties at the various levels of Governance about the status assessment of the release implementation, including the progress against the plan, to provide status assessment of each deliverable relevant for Participating CSDs and CBs and to ensure that the planning issues and risks are identified, discussed and addressed in a timely and appropriate manner.

- A T2S risk and issue management and reporting framework will be established by the Eurosystem to identify, manage and report of risks and issues, affecting the successful delivery of the release;

- A comprehensive framework will be established to allow the Eurosystem to monitor the readiness status of all involved parties to deliver the release into production;

- The Participating CSDs and CBs will ensure their own readiness and coordinate the readiness of their clients to be ready to use the T2S release, i.e. ensuring planning feasibility and monitoring progress.

5.2.4 Implementation

The implementation phase starts with the designing, building and configuration through the final testing and verification stages and ends with the actual release into the production environment.

The implementation phase is initiated upon completion of the release baselining process, the principles of which are described in section 5.2.2. The release baselining process is completed at the latest one year before the planned go-live of a minor or major release. The lead time for a production problem resolution release may be less, when agreed.

5.2.4.1. Design, building and configuration

Once the approved content of the release is communicated to the 4CB, the latter will be responsible for designing, building and configuring the release. This process includes, inter alia, the following activities:

- Creating a new version of one or more software modules;

- Purchasing equipment or services externally;

- Preparing a hardware modification;

- Updating all relevant documentation or producing new one;
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- Providing training to the Participating CSDs and the CBs, if required⁹.

The following relevant documents are updated by the ECB and 4CB depending on the release scope, and will be provided to the T2S Stakeholders at the points in time as specified in the agreed service transition plan:

- URD, GFS, UDFS, Service Description and GUI Business Functionality, GS, GTD, User handbooks, SLA, MOP

The ECB and 4CB will ensure consistency across all documentation, including legal agreements and operational procedures.

5.2.4.2. Testing of a new release by the Participating CSDs and the CBs

The Eurosystem will conduct a Eurosystem Acceptance Testing before the start of User Testing thereby ensuring that the T2S test environments and T2S Platform meet the functional and non-functional requirements (including performance testing - if there is a potential impact on the performance) by the change in order for the users to successfully carry out their User Testing.

Once the Eurosystem internal tests are finalised, the Eurosystem confirms the readiness of the T2S testing environments for the T2S User Testing via a release note. The test calendar is communicated to the Participating CSDs and the CBs providing information on the testing activities, the availability of the testing environments and any other relevant information for performing the testing. This test calendar and the test activities will follow as much as possible – and where relevant – the approach defined in Schedule 3 (UserTesting).

The Participating CSDs and CBs start testing the new release once all the entry criteria for the User Testing are met. A stability period is envisaged in the pre-production where the system should be tested while running according to the Service Level Agreement. The length of this period will be decided by the PMG on a case-by-case basis. The aim of the User Testing is to ensure that the new T2S release delivers the expected services as described in the User Requirements Document, as well as the functional and non-functional specifications and to guarantee the readiness of the Participating CSDs and CBs and their communities for the migration/operation to/of the new release.

The User Testing activities are performed according to the framework agreed between the Participating CSDs/ CBs and the Eurosystem, which may include a set of user certification tests.

⁹ The Participating CSDs, respectively the CBs are responsible for the providing training to their users. On Participating CSDs'/ CBs’ request, the Eurosystem should agree on providing trainings for Participating CSDs' respectively CBs’ users for topics selected by Participating CSDs/CBs.
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547 to ensure that T2S Stakeholders are able to use the new or amended functionality correctly. As a
548 matter of fact, the verification of the release is given by the Participating CSDs and CBs once the
549 exit criteria of the verification process have been completed successfully.

550 The security impact of all proposed changes to the T2S Platform should be assessed prior to
delivery into production in order to check that they do not compromise the security of the T2S
552 Platform. In this respect it is noteworthy that security should be planned and integrated from the
553 start of development. This ensures that risk factors are adequately considered in a timely manner
554 and prevents unnecessary costly security measures to be implemented only once the new system
555 is operational.

556 The testing and release verification process by the Participating CSDs and CBs will typically take
557 up to 3 months (i.e. for a major release).

558 The following principles will be applied during User Testing phase of a release:

559 ▪ The scope of release User Testing covers both functional and non-functional testing;
560 ▪ The preparation of non-functional release user test activities is done jointly by the
561 Eurosistem and the Participating CSDs/CBs;
562 ▪ The Participating CSDs and CBs shall appoint a CSD respectively CB Test Manager who
563 will be the primary contact point for the Eurosistem for all discussions about user release
564 testing;
565 ▪ The Eurosistem shall appoint a T2S Test Manager who will ensure proper co-ordination
566 and exchange of information with the CSD’s and CB’s Test Manager;
567 ▪ The execution of non-functional release user test activities is the primary responsibility
568 of the Eurosistem;
569 ▪ The Eurosistem will report to the Participating CSDs/CBs about the results of non-
570 functional release testing;
571 ▪ User Testing of a new release aims at ensuring compliance of T2S with the T2S Scope
572 Defining Set of Documents;
573 ▪ The Participating CSDs and CBs define their acceptance tests and agree these with the
574 Eurosistem;
575 ▪ The Eurosistem defines certification tests and agrees these with the Participating CSDs
576 and CBs;
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577  ▪ User Testing of a new release is organised in different stages: interoperability testing (both bilateral and multilateral), acceptance testing, community testing and business day testing, based on the concept and the principles laid down in Schedule 3 (User Testing);

580  ▪ The Participating CSDs and CBs are responsible for the co-ordination of user test activities of a new release with their communities;

582  ▪ The Eurosystem is responsible for the co-ordination of user test activities of a new release between all T2S Actors, including the organisation of a central repository for test sets, test cases and test scenarios related to the certification tests for T2S User Testing;

585  ▪ The Eurosystem will support the User Testing activities of a new release through the implementation of incident and problem management procedures as described in the Manual of Operational Procedures;

588  ▪ The Participating CSDs and CBs shall inform the Eurosystem of any incident they experience during the execution of their user tests of a new release;

590  ▪ In particular, the Eurosystem shall undertake all necessary corrective measures to resolve all release defects discovered during the User Testing activities of a new release and caused by T2S;

593  ▪ All decisions related to (un)successful completion of the test stages, as well as the implementation of the release in the production environment will be prepared under the responsibility of the Project Managers Group (PMG) and will be made in accordance with the Governance arrangements laid down in Schedule 8 (Governance).

597  5.2.4.3. Roll-out and communication

598  The service transition plan drawn up during the preceding phases will be complemented with information about the exact installation process and the agreed implementation activities and delivery of the release into production.

601  The ECB in collaboration with the 4CB, Participating CSDs and CBs will agree on the rollout planning which includes the following:

603  ▪ Producing an exact, detailed timetable of events, as well as who will do what i.e. resource plan;

605  ▪ Producing the release note and communication to the Users;
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- Planning communication;
- Incident management.

All the impacted T2S Stakeholders will be informed on what is planned and how it might affect them. The responsibilities of the interested parties in the implementation of the release will be communicated by the ECB ensuring that everyone is aware of them. This will be accomplished via the release communication/notes.

5.2.4.4. Delivery – Go-live

Bringing the application software release into the production environment is the final step in the Release Management process.

To ensure a smooth roll-out of the release, the checklist and procedures agreed between the Eurosystem, 4CB, the Participating CSDs and CBs need to be followed by all the involved parties.

The Governing Council shall give the formal and final acceptance of the release for the go-live based on the successful completion of the user testing of the new release and after obtaining the views of the CSG, and the NECSG. The release is delivered into the production environment on the agreed date following the agreed procedures.

5.2.5 Post implementation review

A post implementation review will take place periodically in order to evaluate the change/release performance and to verify the effectiveness of the change/release package implementation.

These review meetings will provide an opportunity to assess and review the efficiency and effectiveness of the Change and Release Management Process, as well as to identify any potential improvement to the overall processflow.
Annex 1: Change Request Form

<table>
<thead>
<tr>
<th>General Information</th>
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<tbody>
<tr>
<td>CR raised by:</td>
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<tr>
<td>Institute:</td>
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<td>Date raised:</td>
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<td>Change Request title:</td>
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<td>CR ref. no:</td>
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<td>Change Request type (Common, Specific, if specific unauthorised use to be controlled or monitored?):</td>
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<td>(to be filled in by the requester)</td>
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<td>Urgency (Normal, Fast-track)</td>
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<td>1. Legal/business importance parameter (C, H, M, L):</td>
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<td>2. Market implementation efforts parameter (H, M, L):</td>
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<td>3. Operational/Technical risk parameter (H, M, L):</td>
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<td>4. Financial impact parameter (H, M, L):</td>
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<td>(to be filled in by the 4CB)</td>
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<tr>
<td>Requester Category (CSD, CB, ECB, 4CB)</td>
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<td>Status:</td>
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<td>(to be filled in by the CRG)</td>
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<tr>
<td>Description of requested change:</td>
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<tr>
<td>Reason for change and expected benefits/business motivation:</td>
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</tr>
<tr>
<td>Submitted annexes / related documents:</td>
<td></td>
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</tr>
</tbody>
</table>
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Schedule 9 – Annex 1 – Change Request Form

Proposed wording for the Change Request:
Annex 2: Change Request Status

At any time, a Change Requests will have one of the following statuses:

**Registered** – The Change Request was registered by the ECB.

**Rejected by Change Review Group** – When the Change Review Group has agreed with the requester that the change should be dropped.

**Under preliminary Assessment** – The ECB/4CB is conducting the preliminary assessment.

**Pending with Change Review Group** – The ECB has submitted the preliminary assessment to the Change Review Group to review it and consult their communities.

**Under Detailed Assessment** – The ECB/4CB is conducting the detailed assessment of the Change Request.

**Being evaluated by the Change Review Group** – The ECB has submitted the detailed assessment to the CRG and they are evaluating it.

**Pending at Steering Level** – The Change Request with the assessment is submitted to the Steering Level for a formal authorisation.

**Authorised at Steering Level** – The Steering Level has authorised the change and it was placed on the official list of changes.

**Rejected at Steering Level** – The Steering Level has rejected the change.

**Allocated to a release** – The change is allocated to a release.

**Under implementation** – The change is under implementation but not yet delivered to test

**Delivered to test** – The change is being tested by the CSDs and CBs

**Verified** – The change was successfully tested and verified by the CSDs and CBs

**Parked** – Change Request is parked for the next T2S release(s).

**Frozen** – The implementation of the change is frozen for max. 24 months due to the exit period of a non-euro area NCB

**Closed** – The Change Request has been implemented in T2S and all relevant documentation has been updated and all other impacted documents have been aligned.
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SCHEDULE 10
INFORMATION SECURITY
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Introduction

This document aims at presenting the provisions related to the framework to ensure that the requirements concerning Information Security in T2S are met and kept up-to-date. In addition the document defines the involvement of the Connected NCB in the Information Security Management Process, in accordance with the applicable governance arrangements, as well as the Eurosystem’s reporting obligations towards the Connected NCB.

The management of Information Security for T2S is largely based on the ISO/IEC standards 27001:2013 and 27002:2013. This Schedule and the related Annexes therefore use the terms and definitions of these standards, if applicable, and in such case prevail over the terms defined in Schedule 1. A definition of the relevant terms is included in chapter 2 of Annex 2 (T2S Security Requirements and Controls) to this Schedule.

The document is divided into four chapters, corresponding to the major aspects identified as relevant for T2S Information Security: i) objective and scope of T2S Information Security; ii) general responsibilities of the Contracting Parties; iii) the T2S Information Security Management Framework, and iv) the T2S Information Security Risk Management Process.
1 Objective and scope of T2S Information Security

1.1 Objective

The objective of T2S Information Security is to protect T2S business processes and its information from a wide range of threats, whether internal or external, deliberate or accidental, and to minimise the impact on the continuity of T2S business of any threats, that, despite all measures taken, do not materialise.

ISO 27001 defines Information Security as “preservation of confidentiality, integrity and availability of information; in addition, other properties such as authenticity, accountability, non-repudiation and reliability can also be involved”\(^1\).

For the avoidance of doubt, it is acknowledged that “the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events” (i.e. operational risk as defined in the report entitled “International Convergence of Capital Measurement and Capital Standards”, published by the Basel Committee on Banking Supervision, June 2006), is covered by the T2S Information Security Policy, to the extent such risk may have an impact on the confidentiality, integrity and availability of T2S information. Operational risks that are not covered by the T2S Information Security Policy are covered in the SLA reports as specified in Schedule 6 (T2S Service Level Agreement).

1.2 Scope

The scope of the T2S Information Security Schedule covers all arrangements aiming at fulfilling the T2S Information Security Requirements as specified in Annex 2 (T2S Security Requirements and Controls) to this Schedule, as well as to the relevant principles to conduct the initial risk analysis before go-live and all subsequent risk analyses during the production phase. These risk analyses focus on the proper implementation of the agreed security controls. Furthermore, all reporting obligations and the activities to keep the T2S Information Security Management Framework up-to-date are covered by this Schedule as well.

The perimeter of the T2S Information Security Management Framework is limited to the T2S Platform and does not extend to the system(s) in place on the side of the [NCB]. Nevertheless, the

\(^1\)ISO 27001:2013 (chapter 3.4)
Eurosystem commits to provide the [NCB] with all information necessary to allow the latter to perform its own risk management obligations. Network Service Providers are also out of scope for the T2S Information Security Management Framework managed by the Eurosystem, but the Eurosystem imposes certain requirements, comparable to those for third party service providers, via the agreements.
2 General responsibilities of the Contracting Parties

As an overarching principle, the Eurosystem and the [NCB] shall co-operate in good faith in order to allow both parties to fulfil their commitments with respect to Information Security.

2.1 General responsibilities of the Eurosystem

The Eurosystem shall:

a) implement the T2S Information Security Management Framework in accordance with this Schedule, in particular by designing, developing and operating the system with the objective that each T2S Actor has access to T2S information according to the confidentiality, integrity and availability requirements described in this Schedule and its Annexes;

b) implement a process to manage Information Security in T2S according to the process described in section 4 of this Schedule:
   a. regularly reviewing the implementation;
   b. regularly updating the T2S Security Requirements to keep them in line with technical developments;
   c. regularly assess the effectiveness of the process and update it if necessary;

c) share the Asset Classification Scheme and Likelihood and Impact Grading Scales used in the risk management process for information;

d) report the results of Information Security reviews to the [NCB] (according to section 4.3 of this Schedule);

e) report Information Security incidents (according to the definition in Annex 2 [T2S Security Requirements and Controls] to this Schedule) to the Connected NCB;

f) report to the Connected NCB newly identified threats or detected gaps that might threaten T2S Information Security;
2.2 General responsibilities of the [NCB]

In view of ensuring Information Security for T2S, the Connected NCB shall:

a) ensure its own compliance with Information Security requirements according to its internal standards, regulatory requirements and/or best practices;

b) report Information Security incidents (according to the definition in Annex 2 [T2S Security Requirements and Controls] to this Schedule) to the Eurosystem, if T2S or other T2S Parties might be impacted by such incidents; and

c) report to the Eurosystem newly identified threats or detected gaps that might threaten T2S Information Security.
3 The T2S Information Security management framework

This chapter describes the documents that specify the Eurosystem’s commitments in the Information Security management process.

To ensure Information Security the related requirements and implemented measures need to evolve over time to accommodate for new threats and to adapt to the technical development. All the annexes will therefore regularly be reviewed and if need be updated according to the arrangements defined in the Currency Participation Agreement.

3.1 The Information Security Policy for T2S

The Information Security Policy for T2S – attached as Annex 1 (Information Security Policy for T2S) to this Schedule – is a high-level document embracing, at a generic level, a definition of the scope of Information Security for T2S, the security policy principles, allocation of responsibilities and other relevant aspects related to information security in the T2S environment.

The Information Security Policy for T2S focuses on the Eurosystem’s responsibilities only. Any Information Security requirements to be applied to the [NCB] are covered in the Service Level Agreement (SLA).

3.2 The T2S Information Security Requirements and Controls

The purpose of the T2S Security Requirements and Controls – attached as Annex 2 to this Schedule – is to specify which conditions are to be fulfilled (i.e. the requirements) for establishing information security for T2S, as well as to indicate how these conditions can be met (i.e. the controls). The requirements and controls are based directly on ISO standard 27002.

3.3 The T2S Information Security risk management process

The T2S Information Security risk management process – described in chapter 4 of this Schedule – specifies the approach for managing Information Security for T2S and the related reporting of the risk situation and planned risk treatment to the [NCB].
4 The T2S Information Security risk management process

This chapter outlines the approach to ensure the continuous process of managing Information Security in T2S. This approach is established under the umbrella of the Information Security Policy for T2S (Annex 1 to Schedule 10) which embraces at a generic level a definition of the scope of T2S, the information security policy principles, the allocation of responsibilities and summarises the information security management domains.

The main goal of information security in T2S is to protect T2S information from a wide range of threats and to minimise the impact of any threats on T2S operations, which, despite all measures taken, do materialise. In particular, T2S Information Security aims at avoiding any propagation of Information Security incidents, whether caused endogenously in T2S or by a T2S Actor, to other T2S Actors. To accomplish this, the T2S risk management process defines two main processes. One process (i.e. the “review” process) ensures that the T2S Information Security management framework is kept up to date and effective, while the other process (the “core” process) focuses on the implementation of this framework and the assessment of any remaining risks.

A full risk assessment is performed before the initial go-live of T2S (pre-production security assessment). Moreover, the process interfaces with the change management and with the incident management processes to guarantee that the security requirements and controls are in place and that the risk is continuously monitored and maintained at an appropriate level. In addition to these event-driven assessments, a time-driven mechanism ensures a complete security compliance checking and risk assessment every three years also for parts that have not been subject to a change.

This chapter is structured as follows:

- Section 4.1 puts the T2S Information Security risk management process into the perspective of the complete T2S Information Security management framework;
- Section 4.2 places emphasis on the information flow exchanged between the Eurosystem and the [NCB] during the T2S risk assessment process cycle;
- Section 4.3 describes the co-ordination and escalation process for T2S Information Security issues and in particular how the [NCB] will be involved in the T2S Information Security Management Process;
- Section 4.4 provides examples on how the information shared with the [NCB] is going to be structured.
4.1 Risk management methodology

The information security risk management methodology applied by the Eurosystem for T2S is defined as the series of interlinked components, which provide the common methodological foundation for delivering, maintaining and governing the information security and related internal controls for the Eurosystem.

4.1.1 Business impact analysis

Risk management commonly starts with a criticality assessment of the information system as a whole determining the business impact for the Eurosystem in relation to the three security aspects: confidentiality, integrity and availability. Since T2S plays a vital role in the post-trade services chain, and has cross-system relationships to systems at many CSDs as well as RTGS and collateral management systems of the Central Banks, it is a systemically important system. Undoubtedly, the protection needs, in terms of confidentiality, integrity and availability would reach the highest score. However, even for a highly critical system not all components are of the same criticality level. Therefore, the Eurosystem categorises the individual assets using the following inventory classification principles.

The rules being that

- an owner is identified/nominated for each asset;
- the criticality for each asset is identified taking confidentiality, integrity and availability aspects into account;
- all the security requirements and controls (see section 4.1.2) are considered as applicable to T2S;
- deviations from this general rule is under the owner\(^2\) responsibility according to the asset classification’s criticality and the applicability of the control;

\(^2\) In accordance with ISO 27002, the term ‘asset owner’ identifies an individual or entity that has approved management responsibility for controlling the production, development, maintenance, use and security of the assets. The term ‘owner’ does not mean that the person actually has any property rights to the asset, but refers rather to “stewardship” or “custody” of assets, in particular for data.
deviations must be justified and argued during the compliance checking phase performed by Information Security experts who have no direct or indirect conflict of interest in the performance or outcome of this compliance.

The list of assets and their categorisation are subject to change. If changes are required to T2S due to changes in the list of assets (or their categorisation), then these updates will be performed as part of the Change and Release Management process. On top of that, the asset inventory will be subject to a complete review every three years.

4.1.2 The T2S Information Security Requirements and Controls

The list of controls taken into account for the individual assets is derived from the following different sources:

- ISO/IEC standard 27002:2013;
- URD chapter 18;
- Experience from the previous version of the requirements.

When compiling this list, all controls from all listed sources were taken into account. Only those controls that are obviously not applicable to T2S have been dropped from these inputs.

By coordinating this effort with the work done for Target2, the Eurosystem ensures that a common approach for these two core systems is followed to ensure an appropriate high level of information security for all two interconnected systems.

4.1.3 The T2S Threat Catalogue

The T2S Threat Catalogue listing all threats that have been considered for T2S is compiled out of input taken from the Information Security Forum.

The Eurosystem consolidated the input by differentiating between threats and root causes, which in itself are not a threat but can allow several threats to become imminent.

The T2S Threat Catalogue provides information on relevant threats to the system (internal or external/accidental or deliberate) and serves as the basis for the identification of the impact, the appropriate security controls and (later) evaluation of potential residual risks.
The purpose of the T2S Threat Catalogue is twofold; it helps to identify all potential threats to T2S without overlooking any and to ensure that all threats are addressed properly by mapping the security requirements and controls to the threats they address.

4.1.4 The T2S Information Security risk management process

Information Security risk management for T2S is based on two main processes:

- The T2S Information Security management framework review process ensures that the T2S Information Security management framework continues to adequately address the risks, as they change over time by ensuring a timely update and approval of documents. The T2S Information Security management framework review process consists in identifying new and changed threats deriving from system changes and new business requirements, incidents and security developments, as well as Legal and Regulatory Requirements. In addition to this continuous, event driven process, the Eurosystem will review all documents of the T2S Information Security management framework on a yearly basis.

- The compliance and risk assessment process is used to assess the overall T2S Information Security risk situation. This includes the security compliance check to identify deviations from the T2S Information Security Requirements and Controls as well as their assessment and reporting to the CSDs and NCBs. The process applied to the whole T2S scope is triggered every three years, the first before the go-live of T2S (the pre-production security assessment). In between these full verifications, any changes to T2S or any security related incident will trigger a partial verification for the relevant parts.
4.1.4.1 T2S Information Security management framework review process

The T2S Information Security management framework review process ensures that the T2S Information Security management framework continues to adequately address the risks that T2S is exposed, as they change over time. The findings resulting from change requests, incidents and security developments provides the Eurosystem with information on which to base a sound decision on whether the relevant documents, i.e. the Information Security Policy for T2S, the T2S Threat Catalogue and the T2S Security Requirements and Controls, should be updated.

In addition to this continuous, event driven process, the Eurosystem will review all documents of the T2S Information Security management framework on a yearly basis.

If the need for an update is identified, an updated version of the documents is proposed to the relevant governance body (as defined in Schedule 8 [Governance]) for approval.
4.1.4.2 Compliance and risk assessment process

The compliance and risk assessment is a multi-step process to assess the overall risk situation.

In a first step (security compliance check), it takes the defined security requirements and controls and performs a compliance check by validating the completeness and effectiveness of the actual implementation of these controls within the scope of T2S.

In a second step (risk assessment), all threats addressed by non-compliant controls are assessed (based on grading scales) concerning likelihood of the risk materialising and its associated impact.

In a third step, the risk situation of T2S concerning each threat is determined by aggregating the results of the individual assessments for those controls that are relevant for this threat into an overall likelihood and potential impact. The result is represented using a grading scale.

In a fourth step, the Eurosystem will make a proposal for the treatment of all identified risks based on their potential impact on the Eurosystem as provider of the T2S Services. Available options to treat risks are acceptance, avoidance, mitigation or transfer of risks.

In a final step, for all risks that cannot be or are not accepted, actions plans for avoiding, mitigating or transferring the risks will be defined and implemented (T2S Information Security Risk Treatment Plan – see section 4.2.2).

4.2 Deliverables to the [NCB]

The Eurosystem drives the process described in section 4.1. However, the assessment of the risk impacts can only be based on the impact on T2S and/or the Eurosystem. This section therefore focuses on the information the Eurosystem will share with the [NCB] and their options to use this as input to their own business risk assessment processes in order to meet their regulatory requirements and to get evidence that the security requirements are addressed properly by the Eurosystem.

4.2.1 T2S Information Security Risk Evaluation Table

The ‘T2S Information Security Risk Evaluation Table’ (ISRET) is generated as part of the risk assessment. It provides the likelihood for each threat for which not all the relevant controls are implemented and effective, as well as the impact of the threat, taking into account the non-compliant controls. The ISRET includes the following information:
<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>249</td>
<td>1. ID: Threat identification number</td>
</tr>
<tr>
<td>250</td>
<td>2. Threat: Threat description (from the Threat Catalogue)</td>
</tr>
<tr>
<td>251</td>
<td>3. Current likelihood (based on a likelihood grading scale)</td>
</tr>
<tr>
<td>252</td>
<td>4. Likelihood explanation: explanation of the likelihood scoring</td>
</tr>
<tr>
<td>253</td>
<td>5. Current impact (based on an impact grading scale)</td>
</tr>
<tr>
<td>254</td>
<td>6. Impact explanation: explanation of the impact scoring</td>
</tr>
<tr>
<td>255</td>
<td>7. Risk Treatment Plan ID: reference to the appropriate treatment plan mitigating the risk, as described in the T2S Information Security Risk Treatment Plan (see section 4.2.2)</td>
</tr>
</tbody>
</table>

Based on this ISRET, the [NCB] has the necessary information to evaluate its own business risk.

Section 4.4.1 shows the template and an example of this table.

The Eurosystem will share with the [NCB] the ISRET whenever it is updated, but at least on a yearly basis.

### 4.2.2 T2S Information Security Risk Treatment Plan

Together with each ISRET, the Eurosystem will share the proposal for the ‘T2S Information Security Risk Treatment Plan’ (ISRTP).

This plan proposes a treatment (i.e. a mitigation measure or acceptance) for all the risks listed in the ISRET.

The ISRTP includes the following information:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>267</td>
<td>1. Risk Treatment Plan ID: Risk Treatment Plan identification</td>
</tr>
<tr>
<td>268</td>
<td>2. Proposed treatment: information on the planned safeguard measures or proposal to accept the risk together with an explanation why it is recommended to accept the risk</td>
</tr>
<tr>
<td>270</td>
<td>3. Current likelihood of residual risk: likelihood of the residual risk before the implementation of the plan (as it appears in the ISRET)</td>
</tr>
</tbody>
</table>
4. Likelihood of residual risk after fix: likelihood of the residual risk after the implementation of the safeguard measures

5. Current impact of residual risk: impact of the residual risk before the implementation of the plan (as it appears in the ISRET)

6. Impact of residual risk after fix: impact of the residual risk after the implementation of the safeguard measures

7. Planned implementation date: a deadline by when these measures will be implemented

8. Status: Progress of the action plan implementation (not started, in progress, closed) including the date

Mitigation measures that imply a functional change to T2S will be processed according to Schedule 9 (Change and Release Management Procedure), while mitigation measures that imply a non-functional change will be processed according to Schedule 6 (Service Level Agreement – Annex 1 [Management of non-functional changes]). Should the [NCB] see the need for additional mitigation measures, they can as well raise change requests to implement these measures in T2S.

Those risks appearing in subsequent ISRTPs that require follow-up are consolidated in a single Action Plan in order to monitor whether the action plans are delivered on time. Progress monitoring on the action plans will be delivered to the [NCB] at least on an annual basis, and whenever there is an update to the plan or a change of status of a risk treatment (e.g. it is successfully implemented).

4.3 Co-operation and escalation procedures

The Eurosystem shall set up a multilateral co-ordination substructure, in accordance with the T2S governance, for the coordination and monitoring of the T2S Information Security risk management activities. This substructure shall meet on a regular basis and shall consist of a limited number of representatives from the Eurosystem, 4CB, CSDs that have signed the Framework Agreement and Connected NCBs.

The role of the substructure in charge of T2S Information Security Risk management shall be to:

- Coordinate and review T2S Information Security Risk management activities;
- Monitor the implementation of the ISRTP;
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- Review the ISRET;
- Discuss issues raised by the members of the substructure, including Information Security issues emerging outside the scope T2S Information Security;
- Prepare communications related to Information Security risks to the various T2S Stakeholders and the public at large.

If a new information security risk is identified, or if an existing information security risk obtains a higher likelihood or impact score, the Eurosystem will communicate such changes to the [NCB] in accordance with the incident response times specified in Schedule 6 (T2S Service Level Agreement).

Upon reception of such communication, or if another information security issue requires urgent attention:
- The [NCB] may request a conference call with the Eurosystem, at the latest during the next business day, or at its earliest convenience;
- The issue shall be discussed during the conference call;
- The Eurosystem shall summarize the outcome of the conference call and distribute it to the members of the substructure in charge of Information Security risk management.

In case no agreement can be reached in the substructure, each party shall be entitled to escalate the problem to the Project Managers Group (PMG), where the situation shall be discussed and rapidly assessed.

If a mutually agreeable solution cannot be found in the PMG, then the general T2S escalation process shall apply whereby the issue is escalated to the T2S Steering Level in order to receive guidance to resolve the issue. The escalation process shall be in accordance with the general T2S governance arrangements, as specified in the Schedule 8 (Governance).

Ultimately there shall be recourse to the dispute resolution process as described in the provisions of the relevant Articles in the core Currency Participation Agreement.

4.4 Examples for the Shared Documents

4.4.1 T2S Information Security Risk Evaluation Table
Example of the T2S Information Security Risk Evaluation Table that the Eurosystem will share with the [NCB].

<table>
<thead>
<tr>
<th>ID</th>
<th>Threat</th>
<th>Risk Likelihood Score</th>
<th>Risk Likelihood Explanation</th>
<th>Risk Impact Score</th>
<th>Risk Impact Explanation</th>
<th>Risk Treatment Plan ID</th>
</tr>
</thead>
<tbody>
<tr>
<td>23</td>
<td>Loss of historical information</td>
<td>3</td>
<td></td>
<td>2</td>
<td></td>
<td>RTP #1</td>
</tr>
<tr>
<td>28</td>
<td>External staff dependency</td>
<td>1</td>
<td></td>
<td>3</td>
<td></td>
<td>RTP #2</td>
</tr>
<tr>
<td>88</td>
<td>Eavesdropping</td>
<td>2</td>
<td></td>
<td>1</td>
<td></td>
<td>RTP #3</td>
</tr>
<tr>
<td>93</td>
<td>Intentional security loopholes</td>
<td>2</td>
<td></td>
<td>2</td>
<td></td>
<td>No additional measure can be applied efficiently</td>
</tr>
</tbody>
</table>

### 4.4.2 T2S Information Security Risk Treatment Plan

Example for the Risk Treatment Plan the Eurosystem will propose to the [NCB].

<table>
<thead>
<tr>
<th>Risk Treatment Plan ID</th>
<th>Description of Risk Treatment Plan #1</th>
<th>Current Likelihood</th>
<th>Likelihood after fix</th>
<th>Current Impact</th>
<th>Impact after fix</th>
<th>Planned Implementation Date</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>RTP #1</td>
<td>Description of Risk Treatment Plan #1</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>Planned date for RTP#1</td>
<td>Ongoing</td>
</tr>
<tr>
<td>RTP #2</td>
<td>Description of Risk Treatment Plan #2</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>2</td>
<td>Planned date for RTP#2</td>
<td>Not started due to XXX</td>
</tr>
<tr>
<td>RTP #3</td>
<td>Description of Risk Treatment Plan #3</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>Planned date for RTP#3</td>
<td>Not started</td>
</tr>
</tbody>
</table>

3 This column provides for each threat, its likelihood for materializing before the action plan implementation
4 This column provides the likelihood of materialising for each threat influenced by the action plan (after the action plan implementation)
5 This column provides the impact of each threat before the action plan implementation
6 This column provides the impact of each threat after the action plan implementation
CURRENCY PARTICIPATION AGREEMENT

ANNEX 1 TO SCHEDULE 10

INFORMATION SECURITY POLICY FOR T2S
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INFORMATION SECURITY POLICY FOR T2S

*T2S is a service to support Central Securities Depositaries (CSDs) by providing core, borderless and neutral settlement of securities transactions. The objective is to achieve harmonised and commoditised Delivery-versus-Payment settlement in Central Bank Money in substantially all securities in Europe.*

*Through its direct cross-system relationship with RTGS systems and collateral management systems, a T2S security failure might have systemic implications at a global scale. T2S is a critical IT platform supporting systemically important systems and services and should consequently be designed and operated with a high degree of security and operational reliability. Hence information security is a vital and integral part of T2S.*

*The main objective of information security is to protect T2S information from a wide range of threats and to minimise the impact of any threats on the continuity of T2S operations, which, despite all measures taken, do materialise. In particular, T2S Information Security aims at avoiding any propagation of Information Security incidents, whether caused endogenously in T2S or by a T2S Actor, to other T2S Actors.*

*Any non-compliance with the security objectives defined in the present policy note may have serious business, financial and/or reputational consequences for the Eurosystem.*
1. Information Security management

Information Security management shall mean the continuous process of identifying potential threats, verifying whether security controls are comprehensive and effective and minimising or addressing security risks in line with a pre-defined risk tolerance.

Security controls selected to reduce the risk situation must be understandable, effective and appropriate from a cost-benefit perspective. In this respect the task of Information Security management is to find an adequate balance between expenditure on controls and the business harm likely to result from security failures.

Information Security is achieved by implementing suitable security controls. In this context it is important to note that Information Security is not only based on technical solutions. The organisational framework is equally important.

In order to meet these basic principles a comprehensive T2S risk management framework has been developed. This framework has a hierarchical, three-layer structure ranging from a high-level policy to operational procedures. The first layer comprises an Information Security Policy for T2S (i.e. the present document, in the following referred to as ‘the policy’), which embraces at a generic level the security principles and further relevant aspects related to information security management.

In the second layer, the T2S Security Requirements and Controls are specified. In the third layer, the T2S Information Security risk management manual describes in detail the risk management processes.
2. Purpose of the T2S Information Security Policy

The policy\(^1\) represents the first layer of a comprehensive T2S Information Security management framework. It is a high-level document embracing, at a generic level, a definition of the scope of T2S, the security policy principles, allocation of responsibilities and other relevant aspects related to Information Security in the T2S environment.

By approving the policy, the Eurosystem, in its role as owner of T2S, sets a clear direction and demonstrates its support for and commitment to Information Security. Moreover, the importance and value of T2S and its processing resources, both human and technical, are being acknowledged.

\(^1\) The policy for T2S takes into account the Cyber Resilience report (November 2014) published by BIS CPMI (Bank for International Settlement, Committee on Payment and Market Infrastructure), the ISO/IEC standard 27002:2013 and the ESCB information systems security policy.
3. Objective

The main objective of Information Security is to protect T2S business processes and its information from a wide range of threats, whether internal or external, deliberate or accidental, and to minimise the impact on the continuity of T2S business of any threats that, despite all measures taken, do materialise.

ISO 27001 defines Information Security as “preservation of confidentiality, integrity and availability of information; in addition, other properties such as authenticity, accountability, non-repudiation and reliability can also be involved”.

The terms “confidentiality”, “integrity” and “availability” are then further specified as follows:\(^2\)

- **Confidentiality**: the property that the asset information is not made available or disclosed to unauthorized individuals, entities, or processes;

- **Integrity**: the property of safeguarding the accuracy and completeness of information assets;

- **Availability**: the property of the asset information being accessible and usable upon demand by an authorized individual, entity, or process.

Any non-compliance with these objectives might prevent the Eurosystem from meeting its statutory business goals and/or have serious financial and/or reputational consequences. Through its direct cross-system relationship with RTGS systems and collateral management systems, a T2S security failure might, in the worst case, even have systemic risk implications at a global scale.

*In order to meet the key objectives an effective Information Security management framework shall be in place.*

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4. **Scope of the T2S Information Security Policy**

The scope of this policy comprises all assets (including human resources) needed to develop, implement, maintain and operate T2S. T2S can in principle be subdivided into the following four main layers:

1. **The infrastructure layer**, consisting of all hardware components (including interfaces), required for the development, implementation, maintenance and operation of T2S, even if these components are used, in whole or in part, for the provision of IT services outside the T2S context.\(^3\)

2. **The application layer** consisting of all software components necessary to develop, implement, maintain and operate T2S. The software component essentially consists of “the” T2S application, which is subdivided into six functional domains: Interface, Static Data Management, Settlement, Life Cycle Management and Matching, Liquidity Management and, SQRA\(^4\).

3. **The data layer** consisting of all configuration data, as well as static and transactional data necessary to run T2S.

4. **The operational layer**, consisting of all procedures to be applied by and between all relevant stakeholders in order to run and complete the T2S business day in a sound and safe manner.

The smooth operation of T2S as a whole relies to some extent on secure and resilient services provided by entities which are outside the T2S boundaries. These are:

- **Central Securities Depositaries** (CSDs).
- **Central Banks allowing their currency to be settled in T2S** (through the connection with their RTGS and, where relevant, collateral management systems);
- **Third Party service providers** (such as Network Service Providers), although the agreements between the Eurosystem and Third Party service providers are subject to the

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\(^3\) It is important to note that, in accordance with the ECB Governing Council’s decision of 8 March 2007, “the T2S service will be developed internally within the Eurosystem and operated on the TARGET2 platform in order to exploit synergies with TARGET2 to the fullest extent”. Because of this so-called “T2S on TARGET2” concept T2S infrastructure assets will exploit full benefits from the information security features already in place for TARGET2.

\(^4\) Statistics, Queries, Reports and legal Archiving
requirements specified in section 15 Supplier relationships of Annex 2 to Schedule 10 (Information Security); 

The ultimate responsibility to apply this policy to all T2S assets rests with the Eurosystem (as defined in chapter 6.1). For the assets under the control of external stakeholders (as defined in chapter 6.2) specific arrangements apply, which are established, implemented and maintained under their full responsibility (without prejudice to any minimum requirements agreed between these external stakeholders and the Eurosystem).
5. Management domains of Information Security

In the following sections the management domains of Information Security are presented. These represent at a high level the security requirements that shall be implemented in T2S in order to preserve confidentiality, integrity and availability. The specific control objectives and the security controls that shall be implemented to meet these objectives are specified in the “T2S Security Requirements and Controls” document (Annex 2 of Schedule 10).

5.1 Information security policies

In order to provide management direction and support for information security in accordance with business requirements and relevant laws and regulations, a set of policies and processes for information security shall be defined, approved and communicated to the relevant parties.

5.2 Organization of Information Security

In order to ensure that Information Security is adequately managed an organisational framework shall be established to address Information Security related issues in a comprehensive and effective manner.

5.3 Human resources security

Personnel (including external party staff) shall be informed about their Information Security responsibilities, made aware about security rules and procedures and their obligation to adhere to them.

5.4 Asset management

All T2S information assets shall be identified, classified and prioritised in order to indicate the required level of protection. The responsibilities for maintaining these assets shall be clearly assigned to ensure that information assets receive an appropriate level of protection.

They are aligned with the high-level security requirements defined in the T2S user requirements (Chapter 18) approved by the Governing Council in July 2008.
5.5 Access control

Information shall be protected against unauthorised access. Access to information, information processing facilities and business processes shall be granted and controlled on the basis of business and security requirements according to the “need-to-know” principle.

5.6 Cryptography

In order to ensure proper and effective use of cryptography to protect the confidentiality, authenticity and/or integrity of information, a policy on the use, protection and lifecycle of cryptographic keys shall be developed and implemented.

5.7 Physical and environmental security

Critical and sensitive information processing facilities shall be housed in secure areas physically protected to prevent unauthorised access to business premises, damage or compromise of information assets, interruption to business activities and theft.

5.8 Operations security

Responsibilities shall be clearly allocated and procedures for the management and operation of T2S information processing facilities established in order to ensure the correct and secure operation.

5.9 Communications security

In order to ensure the protection of information in networks and its supporting information processing facilities and maintaining the security of information transferred within an organization and with any external entity, networks and network services shall be documented, managed and controlled to protect information in systems and applications.

Formal transfer policies, procedures, controls and agreements between the organization and external parties shall be in place to protect the transfer of information through the use of all types of communication facilities. Physical or logical segregation of networks shall be implemented.

5.10 Systems acquisition, development and maintenance

Security requirements shall be identified and agreed prior to the development of or changes to T2S. Adequate security controls shall be in place to prevent loss, modification or misuse of information in applications systems.
5.11 Supplier relationships
In order to ensure the protection of the organization’s assets that are accessible by suppliers, an information security policy shall be developed and integrated within the supplier agreement. Monitoring and regular reviews of the supplier agreements shall be organised taking into account the criticality of the business supported.

5.12 Information Security incident management
Effective Information Security incident management procedures shall be in place to ensure that security events and weaknesses associated with T2S are communicated in a manner allowing timely corrective actions to be taken.

5.13 Information Security aspects of business continuity management
A business continuity management programme shall be implemented to ensure that necessary steps are taken to identify the potential impact of security failures on the business, maintain viable recovery strategies and plans, and ensure continuity of services through training, exercising, maintenance and review.

5.14 Compliance
All relevant statutory, regulatory and contractual requirements applicable to the T2S shall be identified, documented and compliance with these arrangements shall be checked in order to avoid a breach of any criminal or civil law.

CSDs outsource a critical part of their business operations to T2S. Hence it shall be ensured that T2S is operated in compliance with the jurisdiction of the countries where the CSDs are located.

Tools and measures to ensure auditability shall be implemented.
6. Responsibilities for Information Security management in T2S

Information Security management is a key element of any sound governance structure. The common governance structure of T2S comprises a number of different stakeholders whose roles and responsibilities with respect to information security are outlined in the following. In this regard, these stakeholders are either the Eurosystem or external entities (namely, the non-euro NCBs, the Central Securities Depositaries and Third Party service providers).

6.1 The Eurosystem

6.1.1 Governing Council of the ECB

The TS2 Platform is fully owned and operated by the Eurosystem [see T2S user requirements - Principle 1]. The Eurosystem is responsible for safeguarding the public function of T2S and has consequently the ultimate responsibility for deciding on the general security policy and framework for T2S Information Security management (in accordance with the User Requirements), and the definition of the risk tolerance.

In accordance with ISO 27002, the term ‘asset owner’ identifies an individual or entity that has approved management responsibility for controlling the production, development, maintenance, use and security of the assets. Consequently, and without prejudice to the provisions of section 4.3 of Schedule 10 (Information Security), the Eurosystem is also responsible for defining and implementing an effective organisational framework to address Information Security issues, and for the acceptance of remaining risks. Furthermore it is responsible for verifying that all requirements specified in the Information Security policy for T2S are fulfilled in T2S.

6.2 External stakeholders

6.2.1 Central Banks

Central Banks operating national infrastructure used as interface to the T2S and providers of cash accounts are directly responsible for ensuring that Information Security is properly addressed, and that the relevant requirements are fulfilled.

The term ‘owner’ does not mean that the person actually has any property rights to the asset, but refers rather to “stewardship” or “custody” of assets, in particular for data.
security controls are effective, and their personnel adhere to their internal security rules and procedures.

6.2.2 Central Securities Depositories (CSDs)

From an Information Security perspective the roles and responsibilities of CSDs are twofold.

First, an operational failure at a CSD could have a significant adverse effect on the smooth functioning of T2S. Consequently it shall be the responsibility of the CSD to ensure that their internal systems (incl. interfaces) are operated with a high degree of security and operational reliability. The relevant provisions must be addressed in the corresponding Service Level Agreement (SLA).

Second, CSDs are subject to a regulatory framework. In this respect CDSs shall seek assurance that T2S is providing settlement services in a secure and robust manner in compliance with applicable regulatory arrangements. To the extent that an evolution in regulatory arrangements has an impact on the T2S Platform, on the T2S Scope Defining Set of Documents, or on the T2S Specifications, these should be managed through the Change Management procedure laid down in Schedule 9.

6.2.3 Third Party service providers

Bound by contract Third Party service providers shall implement appropriate measures designed to protect against risks that could potentially result in substantial harm in terms of confidentiality, integrity and availability to any T2S services. The relevant provisions must be addressed in the contract.
CURRENCY PARTICIPATION AGREEMENT

ANNEX 2 TO SCHEDULE 10

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1. Introduction


The purpose of the security requirements and controls (SRC) is to specify the security requirements as laid down in the relevant information security policy for T2S. The SRC are derived from the Information security policy and represent the second layer of the comprehensive risk management framework depicted in the following exhibit.

![T2S risk management framework](image)

Exhibit 1: T2S risk management framework

As a general rule, the implementation of the security controls specified in this document is mandatory. However, it might be that due to specific technical and/or environmental circumstances (e.g. contradicting national legislation) the application of a particular security control is not feasible. If this was the case, it will have to be justified in the context of the security assessment, more specifically when the compliance of T2S with the SRC is checked, why it is not possible to implement this particular security control. The associated residual risk must then be accepted by the system owner.

In addition to the requirements specified in the present document, good information systems security measures and routines corresponding to best practice (such as ESCB/Eurosystem relevant policies and guidelines, ISF, NIST, SANS, the German BSI) should be applied.

---

1 In the following document the words ‘must’ and ‘should’ are used for better readability but have the same meaning in the sense as being mandatory.
All security requirements and controls included in this document are specified from a business perspective and have to be implemented by the service provider (4CB) responsible for designing, building and operating T2S.
2. Definitions

For the purpose of this document, the terms listed in the following table have the meaning as specified in that table. If not superseded by a more specific definition, terms and definitions apply as specified in ISO/IEC 27000: 2016. If this document is part of a set of documents, the same terms defined in such other documents do – for the purpose of this document – not affect their meaning as specified in the following table.

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<tr>
<th>Term</th>
<th>Definition</th>
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<tr>
<td>Asset</td>
<td>Anything that has a value to the organisation, like for instance <strong>information</strong> (e.g. databases, data files), <strong>software</strong> (e.g. system software, application software), <strong>physical assets</strong> (e.g. processors, tapes, power supply), <strong>services</strong> (e.g. computing services, heating, air-conditioning) and <strong>people</strong> (e.g. users, consultants).</td>
</tr>
<tr>
<td>Customer</td>
<td>Customer is defined as any entity that has a business relationship with the Eurosystem under the Framework Agreement or under the Currency Participation Agreement.</td>
</tr>
<tr>
<td>Cyber resilience</td>
<td>An FMI’s ability to anticipate, withstand, contain and rapidly recover from a cyber-attack.</td>
</tr>
<tr>
<td></td>
<td>[CPMI Guidance on cyber resilience for financial market infrastructures June 2016]</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
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<tr>
<td>Disaster [Major operational disruption]</td>
<td>A high-impact disruption of normal business operations affecting a large metropolitan or geographic area and the adjacent communities that are economically integrated with it. In addition to impeding the normal operation of financial industry participants and other commercial organisations, major operational disruptions typically affect the physical infrastructure. Disasters (Major operational disruptions) can result from a wide range of events, such as earthquakes, hurricanes and other weather-related events, biological incidents (e.g. epidemics), terrorist attacks, and other intentional or accidental acts that cause widespread damage to the physical infrastructure. The most significant in terms of their impact are referred to as extreme events, which typically cause the destruction of, or severe damage to, physical infrastructure and facilities, the loss or inaccessibility of personnel, and restricted access to the affected area. [Taken from the BIS “High level principles for business continuity” published in August 2006]</td>
</tr>
<tr>
<td>External Party</td>
<td>Any entity different from the Eurosystem (including the Central Banks it is composed of) and its Contractual Parties under the Framework Agreement or the Currency Participation Agreement</td>
</tr>
<tr>
<td>FMI</td>
<td>Financial Market Infrastructure</td>
</tr>
<tr>
<td>Guideline</td>
<td>A description that clarifies what should be done and how, to achieve the objectives set out in the policies [ISO/IEC 13335-1:2004]</td>
</tr>
<tr>
<td>Impact</td>
<td>The result of an unwanted incident.</td>
</tr>
<tr>
<td>Impact analysis</td>
<td>The process of identifying the threats to the assets and the impact such threats could have, if the threat resulted in a genuine incident. Such analysis should quantify the value of the assets being protected to decide on the appropriate level of safeguards.</td>
</tr>
<tr>
<td>Information</td>
<td>The meaning that is currently assigned to data by means of the conventions applied to those data.</td>
</tr>
<tr>
<td>Information processing facilities</td>
<td>Any information processing system, service or infrastructure, or the physical locations housing it [ISO/IEC 27000:2016].</td>
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<tr>
<td>Term</td>
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<tr>
<td>Information security</td>
<td>Preservation of confidentiality, integrity and availability of information; in addition, other properties, such as authenticity, accountability, non-repudiation, and reliability can also be involved [ISO/IEC 27000:2016].</td>
</tr>
<tr>
<td>Information security event</td>
<td>Identified occurrence of a system, service or network state indicating a possible breach of information security policy or failure of safeguards, or a previously unknown situation that may be security relevant [ISO/IEC 27000:2016].</td>
</tr>
<tr>
<td>Information security incident</td>
<td>An information security incident is indicated by a single or a series of unwanted or unexpected information security events that have a significant probability of compromising business operations and threatening information security [ISO/IEC 27000:2016].</td>
</tr>
<tr>
<td>Information Security Management System (ISMS)</td>
<td>Systematic approach for establishing, implementing, operating, monitoring, reviewing, maintaining and improving an organization’s information security to achieve business objectives.</td>
</tr>
<tr>
<td>Inherent risk</td>
<td>The risk before risk treatment.</td>
</tr>
<tr>
<td>Management</td>
<td>Must be understood as “Senior Management”</td>
</tr>
<tr>
<td>Organisation</td>
<td>Must be understood as “Service” or “Service providing organisation” (when reference is made to the entity) or to the respective National Central Bank (when reference is made the entity employer’s role or contracting party regarding external staff members).</td>
</tr>
<tr>
<td>Policy</td>
<td>Intentions and direction as formally expressed by senior management.</td>
</tr>
<tr>
<td>Recovery</td>
<td>Recovery (or recover) refers to the restoration of the processing service and settlement activities after a disruption including the processing of pending payment transactions.</td>
</tr>
<tr>
<td>Relevant external party</td>
<td>Must be understood as “Users and external parties”</td>
</tr>
<tr>
<td>Remote user</td>
<td>A user establishing a connection from a location outside of the information processing facilities, i.e. crossing the firewalls protecting the service perimeter.</td>
</tr>
<tr>
<td>Residual risk</td>
<td>The risk remaining after risk treatment [ISO/IEC 27000:2016].</td>
</tr>
<tr>
<td>Risk</td>
<td>The potential that threats will exploit vulnerabilities of an asset or group of assets to cause loss of or damage to the assets.</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
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<tr>
<td>Risk analysis</td>
<td>Process to comprehend the nature of risk and to determine the level of risk [ISO/IEC 27000:2016]</td>
</tr>
<tr>
<td>Risk evaluation</td>
<td>Process of comparing the results of risk analysis with risk criteria to determine whether the risk and/or its magnitude is acceptable or tolerable [ISO/IEC 27000:2016]</td>
</tr>
<tr>
<td>Risk management</td>
<td>Coordinated activities to direct and control an organization with regard to risk.</td>
</tr>
<tr>
<td>Risk treatment</td>
<td>Process to modify risk [ISO/IEC 27000:2016].</td>
</tr>
<tr>
<td>Risk Profile</td>
<td>Having a different risk profile shall mean that the alternate site must be sufficiently remote from, and does not depend on the same physical infrastructure components as the primary business location. This minimises the risk that both could be affected by the same event. For example, the alternate site should be on a different power grid and central telecommunication circuit from the primary business location. [Derived from the BIS “High level principles for business continuity” published in August 2006]</td>
</tr>
<tr>
<td>Security assessment</td>
<td>A documented process reflecting the risk management procedure and presenting prevailing status of risks in relation to the security requirements, i.e. remaining risks for the security aspects such as: availability, integrity, confidentiality, authentication, authorisation, auditability and non-repudiation.</td>
</tr>
<tr>
<td>Security control</td>
<td>Means of managing risk, including policies, procedures, guidelines, practices or organizational structures, which can be of administrative, technical, management, or legal nature</td>
</tr>
<tr>
<td></td>
<td><strong>NOTE:</strong> Security control is also used as a synonym for control, safeguard (measure), or countermeasure.</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
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</tr>
<tr>
<td>Security policy</td>
<td>Must be understood as “Information Security Policy”</td>
</tr>
<tr>
<td>Security requirements</td>
<td>The types and levels of protection necessary to meet the security of the assets. The security requirements result from the security risks and are addressed by implementing suitable security controls.</td>
</tr>
<tr>
<td>Security risk</td>
<td>The potential that a given threat will exploit vulnerabilities of an asset or group of assets to cause loss of or damage to the assets.</td>
</tr>
<tr>
<td>Senior management</td>
<td>This is the highest decision making body of the service providing organisation (4CB).</td>
</tr>
<tr>
<td>Service</td>
<td>The term “Service” refers to all the T2S services as defined in the T2S Service Description document.</td>
</tr>
<tr>
<td>Service providing organisation</td>
<td>This term refers to all parts of the service provider’s (4CB) organisation that are involved in the T2S activities (design, build, test, operate, maintain, support T2S).</td>
</tr>
<tr>
<td>Service perimeter</td>
<td>This encompasses all infrastructural and technical components, business/organisational procedures and rules, human resources that are used to provide the T2S service.</td>
</tr>
<tr>
<td>Third party</td>
<td>A company or individual recognized as being independent of the Contractual Parties, and that provides services generally covered by a Service Level Agreement.</td>
</tr>
<tr>
<td>Threat</td>
<td>A potential cause of an unwanted incident, which may result in harm to a system or organization [ISO/IEC 27000:2016]</td>
</tr>
<tr>
<td>User</td>
<td>An individual that can log into the service with a login name and requests or uses the services provided. For the purpose of this document User only applies to internal stakeholders (users) designing, building, testing (internal), operating (business and technical), maintaining and supporting (business and technical) T2S.</td>
</tr>
<tr>
<td>Vulnerability</td>
<td>Weakness of an asset or control that can be exploited by one or more threats [ISO/IEC 27000:2016]</td>
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3. Structure of the security requirements and controls

By default, if not otherwise specified in this document, all the controls included in the Annex A of ISO 27001: 2013 and in the ISO 27002:2013 are considered mandatory.

Chapter 5 through 18 consists of 14 Information Security Management Domains which mainly serve the purpose of structuring the broad field of information security. On a second layer the Security Requirements specifying the objectives that should be achieved are defined. Finally on a third layer the (benchmark) Security Controls are specified.

Exhibit 2: Structure of the security requirements and controls

Under each information security management domain the security requirements are specified. Each security requirement (ISO 27002:2013 control category) section contains:

- a control objective stating what is to be achieved, i.e. the actual security requirement; and
- one or more security controls that should be implemented within the service perimeter to meet the security requirements.

Each security control contains the ISO Controls 27002:2013 title and the specific control statement, to satisfy the control objective. The reader must refer directly to ISO 27002:2013, to consider the “implementation guidance” sections relative to each control.

Unless explicitly mentioned in the clarifications related to each specific control, the “other information” sections are discarded.
Note: The order of the information security management domains, security requirements and controls does not imply their importance.

4. Security requirements and controls
(Empty chapter to match ISO control numbering)

5. Information security policies

5.1 Management direction for information security
Objective: To provide management direction and support for information security in accordance with business requirements and relevant laws and regulations.

5.1.1 Policies for information security
Control
A set of policies for information security should be defined, approved by management, published and communicated to employees and relevant external parties.

Clarifications for Control 5.1.1
This control refers to the Information Security Policy document approved by the service providing organisation's senior management which is communicated to all users and relevant Eurosystem governance bodies.
Supporting topic-specific documents are only communicated within the service providing organisation.

5.1.2 Review of the policies for information security
Control
The policies for information security should be reviewed at planned intervals or if significant changes occur to ensure their continuing suitability, adequacy and effectiveness.

Clarifications for Control 5.1.2
The senior management shall review the implementation of the information security management system every three years (Policy review interval) to ensure its continuing suitability, adequacy and effectiveness.
The management review shall include consideration of:

a) the status of actions from previous management reviews;

b) changes in external and internal issues that are relevant to the information security management system;

c) feedback on the information security performance, including trends in:

1) nonconformities and corrective actions;

2) monitoring and measurement results;

3) audit results; and

4) fulfilment of information security objectives;

d) feedback from interested parties;

e) results of risk assessment and status of risk treatment plan; and

f) opportunities for continual improvement.

The outputs of the management review shall include decisions related to continual improvement opportunities and any needs for changes to the information security management system.

The Service providing organisation shall retain documented information as evidence of the results of management reviews.

The information security documentation (e.g. Information security policy, process, procedures and guidelines) will be updated accordingly.

6. **Organization of information security**

6.1 **Internal organization**

Objective: To establish a management framework to initiate and control the implementation and operation of information security within the organization.

6.1.1 **Information security roles and responsibilities**

Control

All information security responsibilities should be defined and allocated.

Clarifications for Control 6.1.1

Point e) is applicable to all new contracts and rolled out to existing ones progressively.

6.1.2 **Segregation of duties**

Control

Conflicting duties and areas of responsibility should be segregated to reduce opportunities for unauthorized or unintentional modification or misuse of the organization’s assets.
Clarifications for Control 6.1.2
For critical business functions, T2 and T2S use the four eyes principle (e.g. keying in by one user and authorization by another user with another account) in order to organise the needed segregation of duties.

6.1.3 Contact with authorities
Control
Appropriate contacts with relevant authorities should be maintained.

6.1.4 Contact with special interest groups
Control
Appropriate contacts with special interest groups or other specialist security forums and professional associations should be maintained.

6.1.5 Information security in project management
Control
Information security should be addressed in project management, regardless of the type of the project.

6.2 Mobile devices and teleworking
Objective: To ensure the security of teleworking and use of mobile devices.

6.2.1 Mobile device policy
Control
A policy and supporting security measures should be adopted to manage the risks introduced by using mobile devices.

6.2.2 Teleworking
Control
A policy and supporting security measures should be implemented to protect information accessed, processed or stored at teleworking sites.
7. Human resource security

7.1 Prior to employment

Objective: To ensure that employees and contractors understand their responsibilities and are suitable for the roles for which they are considered.

7.1.1 Screening

Control

Background verification checks on all candidates for employment should be carried out in accordance with relevant laws, regulations and ethics and should be proportional to the business requirements, the classification of the information to be accessed and the perceived risks.

7.1.2 Terms and conditions of employment

Control

The contractual agreements with employees and contractors should state their and the organization’s responsibilities for information security.

7.2 During employment

Objective: To ensure that employees and contractors are aware of and fulfil their information security responsibilities.

7.2.1 Management responsibilities

Control

Management should require all employees and contractors to apply information security in accordance with the established policies and procedures of the organization.

7.2.2 Information security awareness, education and training

Control

All employees of the organization and, where relevant, contractors should receive appropriate awareness education and training and regular updates in organizational policies and procedures, as relevant for their job function.

Clarifications for Control 7.2.2
The Information Security awareness program must include a chapter on Cyber resilience and social engineering.

The T2/T2S Security awareness, education and training programme consists of academic training sessions provided by instructors over the 4 central banks. The frequency of these trainings is determined by the need of the various teams and approved by the Senior management. Specific requirements may also be triggered during the annual T2/T2S Information Security management framework review process. Beside these training sessions, security awareness initiatives are taken at domestic level such as participation in the European Cyber Security Month.

7.2.3 Disciplinary process
Control
There should be a formal and communicated disciplinary process in place to take action against employees who have committed an information security breach.

7.3 Termination and change of employment
Objective: To protect the organization’s interests as part of the process of changing or terminating employment.

7.3.1 Termination or change of employment responsibilities
Control
Information security responsibilities and duties that remain valid after termination or change of employment should be defined, communicated to the employee or contractor and enforced.

8. Asset management

8.1 Responsibility for assets
Objective: To identify organizational assets and define appropriate protection responsibilities.

8.1.1 Inventory of assets
Control
Information, other assets associated with information and information processing facilities should be identified and an inventory of these assets should be drawn up and maintained.

**Clarifications for Control 8.1.1**

The planned interval for reviewing the inventory of assets is three years (Asset Inventory Review Interval)

In order to reduce the work associated with drawing up the inventory grouping of assets is allowed. Criteria for grouping are:

- a) similar assets;
- b) similar security requirements;
- c) assets are used in the same process and protection requirements are valid throughout;
- d) assets can be considered as a unit.

**8.1.2 Ownership of assets**

Assets maintained in the inventory should be owned.

**8.1.3 Acceptable use of assets**

Rules for the acceptable use of information and of assets associated with information and information processing facilities should be identified, documented and implemented.

**8.1.4 Return of assets**

All employees and external party users should return all of the organizational assets in their possession upon termination of their employment, contract or agreement.

**8.2 Information classification**

**Objective:** To ensure that information receives an appropriate level of protection in accordance with its importance to the organization.

**8.2.1 Classification of information**

Information should be classified in terms of legal requirements, value, criticality and sensitivity to unauthorised disclosure or modification.
8.2.2 Labeling of information

Control

An appropriate set of procedures for information labeling should be developed and implemented in accordance with the information classification scheme adopted by the organization.

Clarifications for Control 8.2.2

The ECB classification scheme is used as reference document as long as the ESCB scheme is not deployed.

8.2.3 Handling of assets

Control

Procedures for handling assets should be developed and implemented in accordance with the information classification scheme adopted by the organization.

Clarifications for Control 8.2.3

Distribution lists and lists of authorized recipients must be reviewed at planned intervals. The planned interval for the review of the distribution list of recipients is six months (Distribution List Review Interval).

8.3 Media handling

Objective: To prevent unauthorized disclosure, modification, removal or destruction of information stored on media.

8.3.1 Management of removable media

Control

Procedures should be implemented for the management of removable media in accordance with the classification scheme adopted by the organization.

Clarifications for Control 8.1.3

d), f), i) are not applicable

8.3.2 Disposal of media

Control

Media should be disposed of securely when no longer required, using formal procedures.
8.3.3 Physical media transfer

Control

Media containing information should be protected against unauthorized access, misuse or corruption during transportation.

9. Access control

9.1 Business requirements of access control

Objective: To limit access to information and information processing facilities.

9.1.1 Access control policy

Control

An access control policy should be established, documented and reviewed based on business and information security requirements.

Clarifications for Control 9.1.1

The planned interval for reviewing the User Access Control Policy is 3 years (User Access Control Policy Review)

For staff having access to processing facilities via remote connection, strong authentication and identity verification is required.

9.1.2 Access to networks and network services

Control

Users should only be provided with access to the network and network services that they have been specifically authorized to use.

Clarifications for Control 9.1.2

A formal procedure for managing and controlling remote connections must be established.

Following controls must be in place:

a) Remote connections must only be activated when absolutely necessary and ask for re-authentication after a defined period of inactivity. The idle time after which a re-authentication of a remotely connected user is required is ten minutes (Remote Connections Idle Interval);

b) authentication by the use of cryptographic techniques and two-factor authentication;

c) If used, call-back facilities, must follow strict controls and procedures; call forwarding processes should only be used if absolutely necessary;
d) A logging of all remote connections must be in place.

If remote connections are used for Third Party/vendor support

a) the decision to allow remote access by TP/vendors is made case by case by the senior management and substantiated by a risk analysis;

b) remote access must be allowed only for a limited period of time and only in case support cannot be provided on site in time;

c) contractual provisions for remote access must exist and must also be laid down as regards the commitment of vendors’ personnel to the secrecy of data;

d) access should be limited to read-only for diagnostic purposes. However, if more privileged access is required (e.g. in emergency cases) then the remote connection activity related to critical functions must be monitored;

e) if used, call-back facilities, must follow strict controls and procedures; call forwarding processes should only be used if absolutely necessary;

f) a logging of all remote connections must be in place.

9.2 User access management

Objective: To ensure authorized user access and to prevent unauthorized access to systems and services.

9.2.1 User registration and de-registration

A formal user registration and de-registration process should be implemented to enable assignment of access rights.

9.2.2 User access provisioning

A formal user access provisioning process should be implemented to assign or revoke access rights for all user types to all systems and services.

Clarifications for Control 9.2.2

For T2 and T2S authorization is granted by the relevant management not by the system owner.

9.2.3 Management of privileged access rights

The allocation and use of privileged access rights should be restricted and controlled.
Privileges must be allocated to individuals on a need-to-use basis for normal operations and on an event-by-event basis for exceptional situations.

9.2.4 Management of secret authentication information of users

The allocation of secret authentication information should be controlled through a formal management process.

Alternative measures can be determined by the service providing organisation to ensure that users commit to keep secret authentication information confidential and to keep group secret authentication information solely within the members of the group.

9.2.5 Review of user access rights

Asset owners should review users’ access rights at regular intervals.

The planned interval for reviewing the user access rights is 6 months (User Access Rights Review Interval)

The planned interval for reviewing the privileged user access rights is 3 months (Privileged User Access Rights Review Interval)

The period for keeping audit logs of changes to privileged accounts is 1 year (Privileged Account Changes Logging Period)

9.2.6 Removal or adjustment of access rights

The access rights of all employees and external party users to information and information processing facilities should be removed upon termination of their employment, contract or agreement, or adjusted upon change.

9.3 User responsibilities

Objective: To make users accountable for safeguarding their authentication information.
9.3.1 Use of secret authentication information

Control

Users should be required to follow the organization’s practices in the use of secret authentication information.

9.4 System and application access control

Objective: To prevent unauthorized access to systems and applications.

9.4.1 Information access restriction

Control

Access to information and application system functions should be restricted in accordance with the access control policy.

Clarifications for Control 9.4.1

The planned interval for the review of the service’s output to remove unnecessary information is three years (Service Output Review Interval).

9.4.2 Secure log-on procedures

Control

Where required by the access control policy, access to systems and applications should be controlled by a secure log-on procedure.

Clarifications for Control 9.4.2

The maximum number of failed logon attempts for user before the account is disabled is three attempts (Maximum Logon Attempts)

The period of inactivity before a user session is closed is 15 minutes (Session Time-Out)

9.4.3 Password management system

Control

Password management systems should be interactive and should ensure quality passwords.

Clarifications for Control 9.4.3

The minimum length for user passwords is 8 characters (Minimum Password Length)

The expiry period for passwords after which a change is required is 60 days (Password Expiry Period)
9.4.4 Use of privileged utility programs

Control

The use of utility programs that might be capable of overriding system and application controls should be restricted and tightly controlled.

9.4.5 Access control to program source code

Control

Access to program source code should be restricted.

10. Cryptography

10.1 Cryptographic controls

Objective: To ensure proper and effective use of cryptography to protect the confidentiality, authenticity and/or integrity of information.

10.1.1 Policy on the use of cryptographic controls

Control

A policy on the use of cryptographic controls for protection of information should be developed and implemented.

10.1.2 Key management

Control

A policy on the use, protection and lifetime of cryptographic keys should be developed and implemented through their whole lifecycle.

11. Physical and environment security
Currency Participation Agreement

Schedule 10 – Annex 2 – Security requirements and controls

11.1 Secure areas

Objective: To prevent unauthorized physical access, damage and interference to the organization’s information and information processing facilities.

11.1.1 Physical security perimeter

Control

Security perimeters should be defined and used to protect areas that contain either sensitive or critical information and information processing facilities.

11.1.2 Physical entry controls

Control

Secure areas should be protected by appropriate entry controls to ensure that only authorized personnel are allowed access.

Clarifications for Control 11.1.2

The planned interval for reviewing physical entry controls is 3 months (Physical Entry Controls Review Interval)

11.1.3 Securing offices, rooms and facilities

Control

Physical security for offices, rooms and facilities should be designed and applied.

Clarifications for Control 11.1.3

Electromagnetic shielding is not considered

11.1.4 Protecting against external and environmental threats

Control

Physical protection against natural disasters, malicious attack or accidents should be designed and applied.

11.1.5 Working in secure areas

Control

Procedures for working in secure areas should be designed and applied.
11.1.6 Delivery and loading areas

Control

Access points such as delivery and loading areas and other points where unauthorized persons could enter the premises should be controlled and, if possible, isolated from information processing facilities to avoid unauthorized access.

Clarifications for Control 11.1.6

g) is not considered

11.2 Equipment

Objective: To prevent loss, damage, theft or compromise of assets and interruption to the organization’s operations.

11.2.1 Equipment siting and protection

Control

Equipment should be sited and protected to reduce the risks from environmental threats and hazards, and opportunities for unauthorized access.

11.2.2 Supporting utilities

Control

Equipment should be protected from power failures and other disruptions caused by failures in supporting utilities.

11.2.3 Cabling security

Control

Power and telecommunications cabling carrying data or supporting information services should be protected from interception, interference or damage.

Clarifications for Control 11.2.3
c2) is not considered c3) is implemented via other means

11.2.4 Equipment maintenance

Control

Equipment should be correctly maintained to ensure its continued availability and integrity.
11.2.5 Removal of assets

Control

Equipment, information or software should not be taken off-site without prior authorization.

11.2.6 Security of equipment and assets off-premises

Control

Security should be applied to off-site assets taking into account the different risks of working outside the organization’s premises.

Clarifications for Control 11.2.6

Standard ISO 27033 is not considered.

11.2.7 Secure disposal or re-use of equipment

Control

All items of equipment containing storage media should be verified to ensure that any sensitive data and licensed software has been removed or securely overwritten prior to disposal or re-use.

11.2.8 Unattended user equipment

Control

Users should ensure that unattended equipment has appropriate protection.

11.2.9 Clear desk and clear screen policy

Control

A clear desk policy for papers and removable storage media and a clear screen policy for information processing facilities should be adopted.

12. Operations security

12.1 Operational procedures and responsibilities

Objective: To ensure correct and secure operations of information processing facilities.
12.1.1 Documented operating procedures

Control

Operating procedures should be documented and made available to all users who need them.

12.1.2 Change management

Control

Changes to the organization, business processes, information processing facilities and systems that affect information security should be controlled.

Clarifications for Control 12.1.2

This control has to be considered in light of the Change Management Process.

Change of physical location is a NCB domestic issue and is not considered.

12.1.3 Capacity management

Control

The use of resources should be monitored, tuned and projections made of future capacity requirements to ensure the required system performance.

12.1.4 Separation of development, testing and operational environments

Control

Development, testing, and operational environments should be separated to reduce the risks of unauthorized access or changes to the operational environment.

Clarifications for Control 12.1.4

The separation of development, testing and operational environment may be ensured by use of logical partitioning or virtualisation techniques.

12.2 Protection from malware

Objective: To ensure that information and information processing facilities are protected against malware.

12.2.1 Controls against malware

Control

Detection, prevention and recovery controls to protect against malware should be implemented, combined with appropriate user awareness.

Clarifications for Control 12.2.1
Where it is possible, non-persistent workstations (virtual machines) must be used. This helps to eliminate malicious software.

Where malware detection software cannot be installed, alternative detection mechanisms must be put in place such as the performance of information security test campaigns including the assessment of technical vulnerabilities, detection of spurious files and unknown pieces of software. Appropriate remediation actions must be taken according to the criticality of the vulnerabilities detected, the harmfulness of malware and the negative impact they may have.

Regarding connections to business applications over external networks, unauthorised mobile code must be prevented from executing. In this context, authorised mobile code must be signed by a recognised authority and verification of the signature of the mobile code must take place prior to its execution.

Isolation can be either physical or logical.

**12.3 Backup**

**Objective:** To protect against loss of data.

**12.3.1 Information backup**

**Control**

Backup copies of information, software and system images should be taken and tested regularly in accordance with an agreed backup policy.

Clarifications for Control 12.3.1

The planned interval for checking the system restoration from backup is 1 year (Restoration Check Interval).

**12.4 Logging and monitoring**

**Objective:** To record events and generate evidence.

**12.4.1 Event logging**

**Control**

Event logs recording user activities, exceptions, faults and information security events should be produced, kept and regularly reviewed.
12.4.2 Protection of log information

Control
Logging facilities and log information should be protected against tampering and unauthorized access.

12.4.3 Administrator and operator logs

Control
System administrator and system operator activities should be logged and the logs protected and regularly reviewed.

Clarifications for Control 12.4.3
System administrator and system operator activities must be recorded in audit logs.
The planned interval for reviewing privileged activities on the service is 1 business day (Privileged Activities Review Interval)
The planned interval for reviewing system administrator and operator logs is 1 week (Administrator Log Review Interval)

12.4.4 Clock synchronisation

Control
The clocks of all relevant information processing systems within an organization or security domain should be synchronised to a single reference time source.

12.5 Control of operational software

Objective: To ensure the integrity of operational systems.

12.5.1 Installation of software on operational systems

Control
Procedures should be implemented to control the installation of software on operational systems.

Clarifications for Control 12.5.1
Old versions of operating system software as well as old versions of scripts used for operational activities must be archived, together with all required information and parameters, procedures, configuration details and supporting software for as long as the data are retained in the archive.
12.6 Technical vulnerability management

Objective: To prevent exploitation of technical vulnerabilities.

12.6.1 Management of technical vulnerabilities

Control

Information about technical vulnerabilities of information systems being used should be obtained in a timely fashion, the organization’s exposure to such vulnerabilities evaluated and appropriate measures taken to address the associated risk.

12.6.2 Restrictions on software installation

Control

Rules governing the installation of software by users should be established and implemented.

12.7 Information systems audit considerations

Objective: To minimise the impact of audit activities on operational systems.

12.7.1 Information systems audit controls

Control

Audit requirements and activities involving verification of operational systems should be carefully planned and agreed to minimize disruptions to business processes.

13. Communications security

13.1 Network security management

Objective: To ensure the protection of information in networks and its supporting information processing facilities.

13.1.1 Network controls

Control

Networks should be managed and controlled to protect information in systems and applications.

Clarifications for Control 13.1.1 (f and g)

Equipment identification in networks:
Automatic equipment identification must be implemented as a means to authenticate connections from specific locations and equipment.

Routing controls must be implemented for networks to ensure that computer connections and information flows do not breach the access control policy of the business applications.

Routing controls must be based on positive checks of source and destination address

### 13.1.2 Security of network services

**Control**

Security mechanisms, service levels and management requirements of all network services should be identified and included in network services agreements, whether these services are provided in-house or outsourced.

### 13.1.3 Segregation in networks

**Control**

Groups of information services, users and information systems should be segregated on networks.

**Clarifications for Control 13.1.3**

The segregation can be implemented from a logical point of view.

### 13.2 Information transfer

**Objective:** To maintain the security of information transferred within an organization and with any external entity.

#### 13.2.1 Information transfer policies and procedures

**Control**

Formal transfer policies, procedures and controls should be in place to protect the transfer of information through the use of all types of communication facilities.

#### 13.2.2 Agreements on information transfer

**Control**

Agreements should address the secure transfer of business information between the organization and external parties.
13.2.3 Electronic messaging

Control

Information involved in electronic messaging should be appropriately protected.

13.2.4 Confidentiality or non-disclosure agreements

Control

Requirements for confidentiality or non-disclosure agreements reflecting the organization’s needs for the protection of information should be identified, regularly reviewed and documented.

Clarifications for Control 13.2.4

The planned interval for reviewing confidentiality agreements is 3 years (Confidentiality Agreement Review Interval)

14. System acquisition, development and maintenance

14.1 Security requirements of information systems

Objective: To ensure that information security is an integral part of information systems across the entire lifecycle. This also includes the requirements for information systems which provide services over public networks.

14.1.1 Information security requirements analysis and specification

Control

The information security related requirements should be included in the requirements for new information systems or enhancements to existing information systems.

14.1.2 Securing application services on public networks

Control

Information involved in application services passing over public networks should be protected from fraudulent activity, contract dispute and unauthorized disclosure and modification.

14.1.3 Protecting application services transactions

Control
Information involved in application service transactions should be protected to prevent
incomplete transmission, mis-routing, unauthorized message alteration, unauthorized disclosure,
unauthorized message duplication or replay.

14.2 Security in development and support processes

Objective: To ensure that information security is designed and implemented within the
development lifecycle of information systems.

14.2.1 Secure development policy

Control

Rules for the development of software and systems should be established and applied to
developments within the organization.

14.2.2 System change control procedures

Control

Changes to systems within the development lifecycle should be controlled by the use of formal
change control procedures.

14.2.3 Technical review of applications after operating platform changes

Control

When operating platforms are changed, business critical applications should be reviewed and
tested to ensure there is no adverse impact on organizational operations or security.

Clarifications for Control 14.2.3

Such reviews and tests ensuring that the operating platform change has no impact on the business
applications must be performed before the deployment of any change whenever this is technically
feasible or at least before opening the service in production.

14.2.4 Restrictions on changes to software packages

Control

Modifications to software packages should be discouraged, limited to necessary changes and all
changes should be strictly controlled.
14.2.5 Secure system engineering principles

**Control**

Principles for engineering secure systems should be established, documented, maintained and applied to any information system implementation efforts.

**Clarifications for Control 14.2.5**

Validation checks should be incorporated into applications to detect any corruption of information through processing errors or deliberate acts.

The design and implementation of applications should ensure that the risks of processing failures leading to a loss of integrity are minimized. Specific areas to consider include:

- a) the use of add, modify, and delete functions to implement changes to data;
- b) the procedures to prevent programs running in the wrong order or running after failure of prior processing;
- c) the use of appropriate programs to recover from failures to ensure the correct processing of data;
- d) protection against attacks using buffer overruns/overflows.

An appropriate checklist should be prepared, activities documented, and the results should be kept secure. Examples of checks that can be incorporated include the following:

- a) session or batch controls, to reconcile data file balances after transaction updates;
- b) balancing controls, to check opening balances against previous closing balances, namely: 1) run-to-run controls; 2) file update totals;
- 3) program-to-program controls;
- c) validation of system-generated input data;
- d) checks on the integrity, authenticity or any other security feature of data or software;
- downloaded, or uploaded, between central and remote computers;
- e) hash totals of records and files;
- f) checks to ensure that application programs are run at the correct time;
- g) checks to ensure that programs are run in the correct order and terminate in case of a failure, and that further processing is halted until the problem is resolved;
- h) creating a log of the activities involved in the processing.

14.2.6 Secure development environment

**Control**

Organizations should establish and appropriately protect secure development environments for system development and integration efforts that cover the entire system development lifecycle.
14.2.7  Outsourced development

Control

The organization should supervise and monitor the activity of outsourced system development.

Clarifications for Control 14.2.7

If open source software is used the following controls must be applied:

1. downloaded from a trusted source
2. integrity check
3. verifying the general licensing arrangements (e.g. GNU license)

14.2.8  System security testing

Control

Testing of security functionality should be carried out during development.

Clarifications for Control 14.2.8

For T2 and T2S the User testing is covering the need for independent acceptance testing.

14.2.9  System acceptance testing

Control

Acceptance testing programs and related criteria should be established for new information systems, upgrades and new versions.

Clarifications for Control 14.2.9

Tests involving users and operations functions are carried out to confirm that all acceptance criteria have been fully satisfied. All the testing activities and results must be properly documented.

14.3  Test data

Objective: To ensure the protection of data used for testing.

14.3.1  Protection of test data

Control

Test data should be selected carefully, protected and controlled.

15.  Supplier relationships
15.1 Information security in supplier relationships

Objective: To ensure protection of the organization’s assets that is accessible by suppliers.

15.1.1 Information security policy for supplier relationships

Control

Information security requirements for mitigating the risks associated with supplier’s access to the organization’s assets should be agreed with the supplier and documented.

15.1.2 Addressing security within supplier agreements

Control

All relevant information security requirements should be established and agreed with each supplier that may access, process, store, communicate, or provide IT infrastructure components for, the organization’s information.

15.1.3 Information and communication technology supply chain

Control

Agreements with suppliers should include requirements to address the information security risks associated with information and communications technology services and product supply chain.

15.2 Supplier service delivery management

Objective: To maintain an agreed level of information security and service delivery in line with supplier agreements.

15.2.1 Monitoring and review of supplier services

Control

Organizations should regularly monitor, review and audit supplier service delivery.

Clarifications for Control 15.2.1

For all T2S relevant supplier services of the NCBs, the requirements from the new ISO 27002 implementation guidance will be included in the new contracts and, if not already covered, in the renewal or renegotiation of existing contracts.

15.2.2 Managing changes to supplier services

Control
Changes to the provision of services by suppliers, including maintaining and improving existing 
information security policies, procedures and controls, should be managed, taking account of the 
criticality of business information, systems and processes involved and re-assessment of risks.

16. Information security incident management

16.1 Management of information security incidents and improvements

Objective: To ensure a consistent and effective approach to the management of information 
security incidents, including communication on security events and weaknesses.

16.1.1 Responsibilities and procedures

Control

Management responsibilities and procedures should be established to ensure a quick, effective 
and orderly response to information security incidents.

16.1.2 Reporting information security events

Control

Information security events should be reported through appropriate management channels as 
quickly as possible.

16.1.3 Reporting information security weaknesses

Control

Employees and contractors using the organization’s information systems and services should be 
required to note and report any observed or suspected information security weaknesses in 
systems or services.

Clarifications for Control 16.1.3

All Users must be aware of the reporting mechanism and the designated point of contact defined 
by the relevant management of the service providing organisation.

16.1.4 Assessment of and decision on information security events

Control
Information security events should be assessed and it should be decided if they are to be classified as information security incidents.

### 16.1.5 Response to information security incidents

**Control**

Information security incidents should be responded to in accordance with the documented procedures.

### 16.1.6 Learning from information security incidents

**Control**

Knowledge gained from analysing and resolving information security incidents should be used to reduce the likelihood or impact of future incidents.

### 16.1.7 Collection of evidence

**Control**

The organization should define and apply procedures for the identification, collection, acquisition and preservation of information, which can serve as evidence.

### 17. Information security aspects of business continuity management

#### 17.1 Information security continuity

**Objective:** Information security continuity should be embedded in the organization’s business continuity management systems.

#### 17.1.1 Planning information security continuity

**Control**

The organization should determine its requirements for information security and the continuity of information security management in adverse situations, e.g. during a crisis or disaster.

#### 17.1.2 Implementing information security continuity

**Control**
The organization should establish, document, implement and maintain processes, procedures and controls to ensure the required level of continuity for information security during an adverse situation.

17.1.3 Verify, review and evaluate information security continuity

The organization should verify the established and implemented information security continuity controls at regular intervals in order to ensure that they are valid and effective during adverse situations.

Clarifications for Control 17.1.3

The planned interval for exercising and testing the information security aspects of the business continuity plan is 6 months (Business Continuity Test Interval).

The planned interval for reviewing the information security aspects of the business continuity plan is 6 months (Business Continuity Review Interval).

17.2 Redundancies

Objective: To ensure availability of information processing facilities.

17.2.1 Availability of information processing facilities

Information processing facilities should be implemented with redundancy sufficient to meet availability requirements.

18. Compliance

18.1 Compliance with legal and contractual requirements

Objective: To avoid breaches of legal, statutory, regulatory or contractual obligations related to information security and of any security requirements.
18.1.1 Identification of applicable legislation and contractual requirements

Control

All relevant legislative statutory, regulatory, contractual requirements and the organization’s approach to meet these requirements should be explicitly identified, documented and kept up to date for each information system and the organization.

18.1.2 Intellectual property rights

Control

Appropriate procedures should be implemented to ensure compliance with legislative, regulatory and contractual requirements related to intellectual property rights and use of proprietary software products.

18.1.3 Protection of records

Control

Records should be protected from loss, destruction, falsification, unauthorized access and unauthorized release, in accordance with legislatory, regulatory, contractual and business requirements.

18.1.4 Privacy and protection of personally identifiable information

Control

Privacy and protection of personally identifiable information should be ensured as required in relevant legislation and regulation where applicable.

18.1.5 Regulation of cryptographic controls

Control

Cryptographic controls should be used in compliance with all relevant agreements, legislation and regulations.

18.2 Information security reviews

Objective: To ensure that information security is implemented and operated in accordance with the organizational policies and procedures.
18.2.1 Independent review of information security

Control

The organization’s approach to managing information security and its implementation (i.e. control objectives, controls, policies, processes and procedures for information security) should be reviewed independently at planned intervals or when significant changes occur.

Clarifications for Control 18.2.1

The Eurosystem defines the approach to managing information security and initiates the independent review of this approach and its implementation by the service providing organisation.

The planned interval for an independent review of the approach to managing information security and its implementation is 3 years (Independent Security Review Interval)

18.2.2 Compliance with security policies and standards

Control

Managers should regularly review the compliance of information processing and procedures within their area of responsibility with the appropriate security policies, standards and any other security requirements.

Clarifications for Control 18.2.2

The planned interval for full compliance review of the service with security policies and requirements is 3 years (Compliance Review Interval)

18.2.3 Technical compliance review

Control

Information systems should be regularly reviewed for compliance with the organization’s information security policies and standards.

Clarifications for Control 18.2.3

The planned interval for checking the technical compliance of the platform is 1 year (Technical Compliance Check Interval)

Information systems should also be regularly reviewed for compliance with the information security requirements.
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SCHEDULE 11
EXIT MANAGEMENT
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1 Introduction

This Schedule sets out the provisions related to preparing and supporting the exit of the [NCB] and its Dedicated Cash Accounts Holders, as well as the roles and responsibilities of the parties during the exit process.

This Schedule does not cover the possible causes of termination and their consequences, nor the decision-making process, including arbitration and escalation, which will take place in case one contracting party does not accept the other contracting party’s termination of the Currency Participation Agreement for cause.

The Schedule is divided into two chapters i) scope and general approach of the Exit Management; ii) exit of a Connected NCB to T2S addressing the responsibilities of the Parties.
2 Scope and general approach of Exit Management

2.1 Scope

This Schedule describes the operational and mutual support principles that will apply from the moment the [NCB] has formally notified the Eurosystem of its decision to exit T2S, either for convenience or for cause, or from the moment the Eurosystem has formally notified the [NCB] that it wishes to terminate the Currency Participation Agreement. Notifications are given by way of an official termination notice, either from the [NCB] to the Eurosystem, or from the Eurosystem to the [NCB].

2.2 General approach of Exit Management

Unless otherwise agreed between the Parties in writing, the exit of [NCB] from T2S will consist of a full de-migration of the [NCB]’s business on a given date (i.e. “big-bang” approach) from the T2S Platform. Such exit shall take place over a weekend, targeting to avoid sensitive weekends (e.g. end-of-month, end-of-quarter).
3 Exit of the [NCB]

3.1 General responsibilities of the parties

a) It is the responsibility of the Eurosystem to co-ordinate, steer and monitor the exit process. In agreement with the [NCB], it establishes the exit plan, the tasks and the milestones for the exit process and monitors compliance with the agreed procedures, tasks and milestones.

b) It is the responsibility of the [NCB] to ensure its own readiness for the exit from T2S by the committed date according to the procedures and processes agreed with the Eurosystem and other T2S Actors.

c) As soon as the formal termination notice has been sent and acknowledged, both the Eurosystem and the exiting [NCB] shall start work to provide for a smooth exit. Both parties shall appoint an “Exit Manager”, whose main responsibility consists in co-ordinating the exit activities and acting as liaison for the other party.

d) To the extent possible, the parties shall use all reasonable endeavor to minimize the effects of the exit on T2S and on the CSDs whose participants make use of the [NCB], in particular on the national market of the [NCB].

e) When the [NCB] exits T2S, settlement in its currency in T2S will no longer be possible and the CSD settling transactions in that currency can no longer make the same use of T2S.

f) It is the responsibility of the [NCB] to co-ordinate all exit activities with its DCA Holders. The Eurosystem will co-ordinate with those CSDs whose participants make use of funds on those accounts for the settlement of securities transactions.

g) Unless otherwise agreed between the parties, the time between the termination of the Agreement and the actual exit weekend shall not exceed a period of 2 years. If the [NCB] or the relevant CSD(s) are not prepared to exit T2S within this period, then the [NCB] shall in good faith negotiate a solution on the extended usage of the T2S Services, as well as on the remaining time until exit is possible. The [NCB] may choose a shorter exit period, provided all relevant CSDs have been informed about the exit procedures and have had sufficient time to prepare for the simultaneous exit of T2S in relation to settlement of the currency of the [NCB].

h) For the purpose of the Currency Participation Agreement, the exit process ends when the adaptations are completed so that there are no more funds on the DCAs managed by the [NCB] and the currency no longer can be settled in T2S. Unless otherwise agreed between the parties, the exit of [NCB] from T2S will take the form of a simultaneous inactivation of all Dedicated Cash Accounts operated by the [NCB], so as to prevent any further transfers of funds between the RTGS system and T2S. These activities will take place during a week-end
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agreed upon by both parties and called the exit week-end.

i) After the completion of the exit process, and until the end of the legal archiving period, the Eurosystem shall continue to provide information – including but not limited to transaction data – to the [NCB], upon the latter’s request, with respect to the services provided by the Eurosystem to the [NCB] in the context of the Currency Participation Agreement. Upon the [NCB]’s request, access to such information shall be provided by other means – to be agreed between the Eurosystem and the [NCB] – than using the T2S Network Service Provider.

3.2 Responsibilities of the [NCB]

In view of ensuring a successful exit from T2S, the [NCB] shall:

a) deliver to the Eurosystem, at the latest one month after the official termination notice, a high-level exit plan clearly defining all activities that the [NCB] itself, its DCA Holders, the Eurosystem, and, where relevant, any CSD are to perform;

b) deliver to the Eurosystem, at the latest two months after the delivery of the high-level Exit Plan, an overview of the required support for the execution of all exit activities, which the [NCB] expects from the Eurosystem;

c) monitor and take all necessary measures to facilitate the readiness of its DCA Holders for the exit from T2S;

d) co-operate with the Eurosystem in preparation of the exit plan and the detailed exit weekend script;

e) co-ordinate all exit activities with its community, and confirm the successful completion of the activities to the Eurosystem;

f) inform the Eurosystem of any unexpected event or delay of a planned activity, which may affect the execution of the Eurosystem’s support activities or the exit plan.

3.3 Responsibilities of the Eurosystem

In view of ensuring a successful exit from T2S, the Eurosystem shall:

a) continue to provide all services and support as specified in the Currency Participation Agreement, until the exit weekend;

b) provide reasonable support to the [NCB] in preparing its high-level exit plan;

c) indicate to the [NCB] within one month after the receipt of the high-level exit plan, any constraints and conditions applicable to the support it can provide;

d) assist the [NCB] in preparing its detailed support request to the Eurosystem, in particular by indicating specific areas where the Eurosystem can offer such support;
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e) agree with the [NCB] within one month after the receipt of the detailed support request the precise activities that the Eurosystem will conduct, and their timing;

f) support the [NCB] in establishing the exit plan, including aspects related to its Dedicated Cash Accounts, major project milestones, as well as checkpoints to be met before the start of the exit weekend;

g) inform the [NCB] within one month after reaching an agreement on the exit plan of the amount of any costs for planning, coordination and execution of exit activities – beyond the normal operational support, which it expects the [NCB] to reimburse, unless the [NCB] has terminated the agreement for cause, in which case the Eurosystem will provide such support free of charge;

h) upon agreement with the [NCB] on the costs the latter will reimburse, make all reasonable efforts to conduct the agreed activities, including communication and coordination with other T2S Actors, and where relevant confirm their successful completion to the [NCB];

i) establish the detailed exit weekend script which provides the [NCB] with the required information to execute the tasks and/or to carry out the actions required during the exit weekend;

j) provide all reasonable support to the [NCB] to address any unexpected events during the exit process;

k) establish the fall-back arrangements and roll-back procedures specific for the exit, in order to manage the necessary processes if the exit needs to be deferred to a later stage due to predictable or unforeseen circumstances, and/or if the activities already performed during the exit weekend need to be unwound if the exit has to be stopped.
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SCHEDULE 12

PROCEDURE FOR PAYMENT OF CLAIMS
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Schedule 12 – Procedure for Payment of Claims

1 For the purposes of this Schedule, either Party asserting a claim against the other Party is referred to as “Claimant”, while the other Party is referred to as “Respondent”.

3 1. Procedure in respect of Article 28 (Liability rules)

4 The following procedure applies to the handling of any claim pursuant to Article 28 of this Agreement:

6 (a) The Claimant shall, without undue delay, notify the Respondent of the occurrence of any event which the Claimant reasonably believes may give rise to a claim based on Article 28 of this Agreement, and in any case no later than within [30] calendar days from the occurrence of such event or, in the event the Claimant did not know that an event would give rise to a claim, as from the moment it has the relevant knowledge that such event would give rise to a claim.

8 (b) The Claimant shall submit its claim against the Respondent without undue delay, and in any case no later than within 12 months from the occurrence of the event which gave rise to the claim or, if the Claimant did not know that an event gave rise to a claim for liability or indemnification, within 12 months from the moment it knew or should reasonably have known of such a claim. After the expiry of this period, the Respondent shall be entitled to reject the claim.

10 (c) The Claimant shall submit its claim to the Respondent in writing, specifying its basis, its justification and, to the extent known, the claimed amount, to allow the Respondent to assess the merits of the submitted claim.

12 (d) The Respondent may request any additional information from the Claimant as may be reasonably required for assessing the merits of the claim. The Claimant shall cooperate in good faith and in a timely manner with the Respondent.

14 (e) The Respondent shall, without undue delay, notify the Claimant in writing if it accepts the claim or rejects it in whole or in part, in the latter case giving reasons for the rejection.

16 (f) In case of dispute as to the merits of the claim, the Parties shall make any effort to find an amicable arrangement. As the case may be, the Parties shall take recourse to Article 47 of this Agreement.

18 (g) If the Respondent has accepted the claim as merited, in whole or in part, or if it was settled either by an amicable arrangement between the Parties or through court proceedings pursuant to Article 47, the Respondent shall, subject to paragraphs (b), (h) and (i), pay out the claim as soon as reasonably practicable and at the latest within 90 calendar days after the end of this calendar year. Any payment pursuant to Article 28 of this Agreement is subject to the limitations of Article 28(5)(a) of this Agreement and shall be made on a
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35 provisional basis subject to the reservations of paragraphs (h) and (i). The Claimant shall
36 not be entitled to claim interest or damages for late payment in relation to the time elapsed
37 prior to the expiry of the period of 90 calendar days.

38 (h) If the liability of the Eurosystem vis-à-vis the [NCB] is limited in accordance with Article
39 28(5)(a) of this Agreement and the amounts payable to the [NCB] and, as the case may be,
40 to other Connected NCBs are reduced accordingly, the Eurosystem shall notify all
41 Claimants as soon as practicably possible after the end of the relevant calendar year
42 referred to in paragraph (g); the notification shall give sufficient evidence of the reasons
43 for, and the calculation of, the reduced compensation amounts in relation to the amounts
44 that had been claimed.

45 (i) If a claim is accepted as merited by the Eurosystem after the end of the calendar year in
46 which the event occurred that caused the claim or settled by an amicable arrangement
47 between the Parties, or settled in accordance with Article 47 of this Agreement after the
48 end of this calendar year, the Eurosystem shall pay such claim as soon as reasonably
49 practicable. If such a claim should be subject to a reduction in accordance with Article
50 28(5)(a) of this Agreement, the Claimant shall be notified in accordance with paragraph (h)
51 prior to the payment. To the extent that a claim to paid after the end of the relevant
52 calendar year referred to in paragraph (g) is subject to a reduction in accordance with
53 Article 28(5)(a) of this Agreement, all payments previously made to the [NCB] or
54 Connected NCBs with regard to the relevant calendar year referred to in paragraph (g) shall
55 be recalculated in accordance with Article 28(5)(a) of this Agreement and the paid amounts
56 shall be adjusted. With regard to this adjustment, the Eurosystem is entitled to claim back
57 any compensation payment made in excess of the adjusted pro rata entitlement in
58 accordance with to Article 28(5)(a) of this Agreement.

59 2. Procedure in respect of claims pursuant to Article 29(1)

60 The following procedure applies in addition to Article 29(1) if a DCA Holder has caused a Direct
61 Loss to the Eurosystem in relation to T2S.

62 (a) The Eurosystem shall notify the [NCB] of the fact that an act or omission of one of the
63 [NCB’s] DCA Holders in relation to T2S has caused a Direct Loss to the Eurosystem. The
64 notification shall be sent by the Eurosystem in writing as soon as reasonably practicable but
65 in no case later than [90] calendar days after the loss has occurred.

66 (b) The notification shall contain a preliminary indication of the amount and composition of
67 the claim against the [NCB].

68 (c) A delay shall not relieve the [NCB] of its obligation to reimburse the Eurosystem, except to
69 the extent that the [NCB] can demonstrate that the delay caused damages.
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70  (d) The Eurosystem shall precisely set out the amount and the various components of the loss caused by the DCA Holder and for which it claims reimbursement from the [NCB]. The [NCB] may request any additional information from the Eurosystem as may be reasonably required for assessing the merits of the submitted claim. The Eurosystem shall cooperate in good faith with any such request by the [NCB].

75  (e) The [NCB] shall notify the Eurosystem in writing within [90] calendar days from the day of the receipt of the claim if it accepts the claim or rejects it in whole or in part, in the latter case giving the reasons for the rejection as set out in paragraph [1] of Article 29. If it accepts the claim, the [NCB] shall reimburse the Eurosystem within [30] calendar days.

79  (f) In case of dispute as to the extent and/or proportion of the Eurosystem’s contribution to the Eurosystem’s loss, the Parties shall take recourse to the Dispute Resolution and Escalation Procedure set out in Article 37 in order to settle the issue in an amicable way.

82  (g) As soon as the dispute has been settled, the [NCB] shall reimburse the net amount due to the Eurosystem within [30] calendar days.

84  (h) The Eurosystem shall subrogate the [NCB] to any rights it may have against a DCA Holder in relation to the reimbursed claim.
3. Procedure in respect of Article 33(4) (Infringement of IPR)

The following procedure applies in addition to Article 33(4) of this Agreement if legal action is commenced or threatened against the [NCB].

(a) If the [NCB] allows the Eurosystem to control the defence against the Third Party claimant, the Eurosystem shall keep the [NCB] informed in all material matters at all times. Notwithstanding such agreement regarding the control over the defence, the [NCB], being the formal party to the legal proceedings, and the Eurosystem shall agree on the way in which the proceedings are conducted. For this purpose, and in due consideration of the agreement to give the Eurosystem control over the defence, the [NCB] shall be entitled to object to legal submissions proposed by the Eurosystem that it considers harmful to the outcome of such proceedings and to make its own counterproposals towards the Eurosystem. Expenses of the [NCB] in the context of such involvement shall be borne by the [NCB].

(b) At the request of the Eurosystem the [NCB] shall give all reasonable assistance and provide all relevant documents and data which are under its control, to the extent permissible under the applicable statutory and contractual law. The Eurosystem shall indemnify the [NCB] for all reasonable cost the latter incurred in that context.

(c) The [NCB] shall notify the Eurosystem of the fact that it is held liable to the Third Party pursuant to an Enforceable Judgement. The notification shall be sent as soon as reasonably practicable but in no case later than 30 days after the full text of the court ruling was available to the [NCB].

(d) The notification shall contain a statement to the effect that the [NCB] intends to claim reimbursement from the Eurosystem, the text of the Enforceable Judgement (to the extent available) and a preliminary indication of the amount and composition of the claim to reimbursement.

(e) The [NCB] shall submit its claim to the Eurosystem in writing and without undue delay and in any case no later than 90 calendar days after the full text of the Enforceable Judgement was made available to the [NCB]. A delay shall not relieve the Eurosystem of its obligation to reimburse the [NCB], except to the extent that the Eurosystem can demonstrate that the delay caused damages.

(f) The [NCB] shall precisely set out the amount and the various components of the payment it owes to the Third Party and for which it claims reimbursement from the Eurosystem. The
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120 Eurosystem may request any additional information from the [NCB] as may be reasonably required for assessing the merits of the submitted claim. The [NCB] shall cooperate in good faith with any such request by the Eurosystem.

123 (g) The Eurosystem shall notify the [NCB] in writing within 90 calendar days from the day of the receipt of the claim if it accepts the claim or rejects it in whole or in part, in the latter case giving reasons for the rejection.

126 (h) In case of dispute as to the merits of the reimbursement claim, the Parties shall take recourse to Article 47 of this Agreement.

128 (i) The [NCB] shall subrogate the Eurosystem to any rights it may have against Third Parties in relation to the reimbursed claim.