



Who needs to conduct Eurosystem certification tests?

December 2014

T2S Programme Office
European Central Bank





Scope of the presentation

The presentation aims at addressing the question on **who needs to conduct certification tests with the Eurosystem**

It covers the following aspects:

- Concepts: Technical Sender, Business Sender, Instructing Party
- Criteria to determine who needs to be certified
- Examples (non-exhaustive) where the Eurosystem certification is required

The presentation does not aim at addressing the questions who is DCP and what the categories of DCPs:

- For the definition of a DCP, refer to the Framework Agreement: Schedule I – Definitions
Framework Agreement (FA):
http://www.ecb.europa.eu/paym/t2s/pdf/csd_FA/T2S_Framework_Agreement_Schedules.pdf
- For a view on the conditions to become a DCP in T2S and categorisation of DCPs, refer to the published note on the T2S AG page
Classification of Directly Connected Participants:
<http://www.ecb.europa.eu/paym/t2s/progress/pdf/ag/mtg22/item-4-2-2013-06-18-Classification%20of%20DCPs.pdf>

DCPs need to be authorised by the respective CSD(s) or central bank(s). The criteria to determine who needs to be authorised corresponds to CSDs/CBs and is not covered in this presentation.



Technical Sender and Business Sender

Concepts

Technical Sender:

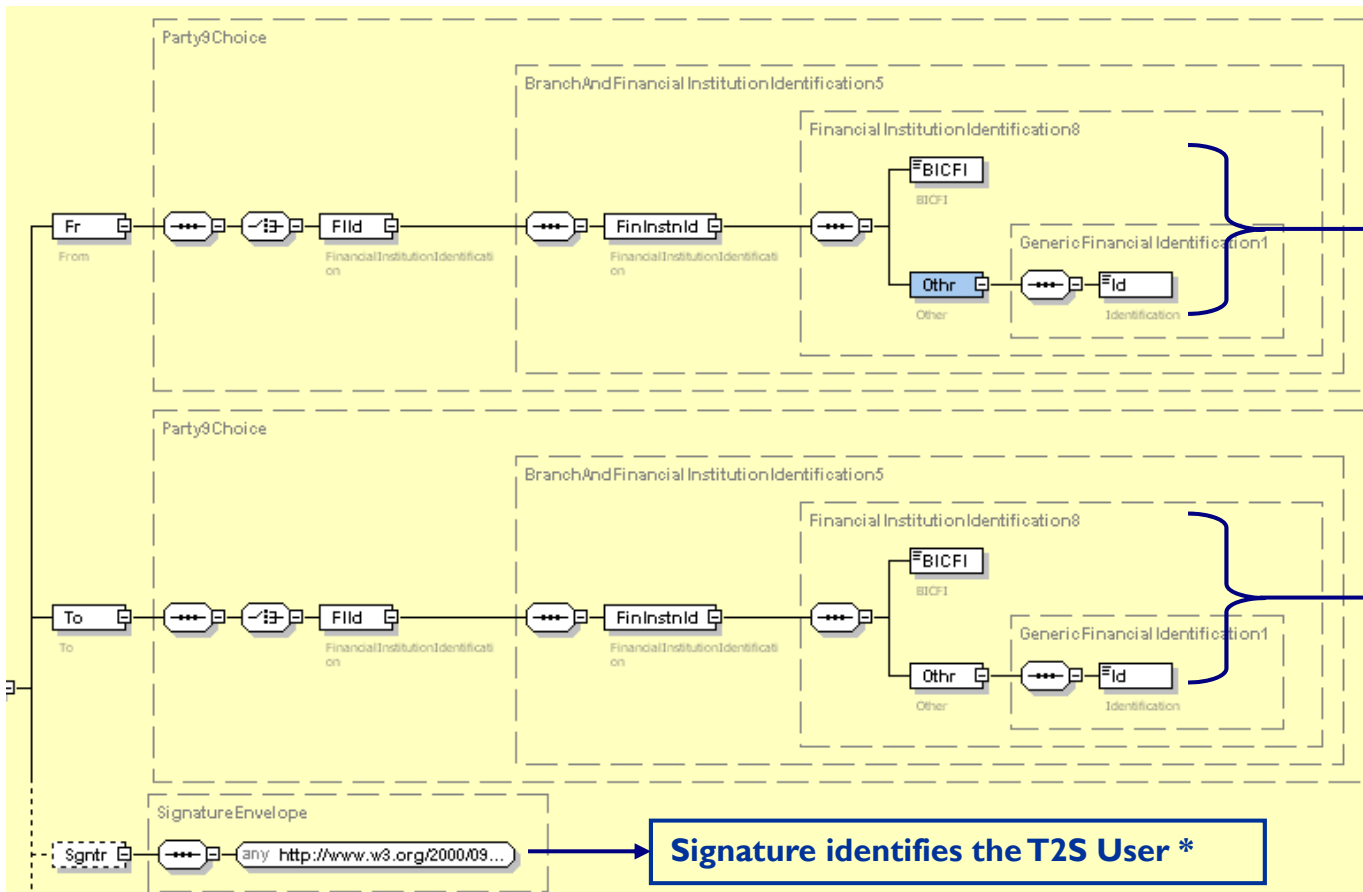
- The technical sender delivers the message using a technical communication channel to T2S (i.e. owns the technical address from where the message is received) and receives the ACK/NACK messages;
- The sender/technical address is stated in the technical envelope and has to be provided as metadata from the infrastructure;
- The technical sender is the party actually communicating with T2S via one of the licensed network providers.

Business Sender:

- Is the T2S party of the Instructing system user. It owns the message Id specified in the BAH and therefore defines the scope for the Interface duplicate check;
- The business sender is the party creating and signing the business payload of the messages sent to T2S.

In some scenarios, the business sender and technical sender can be different T2S Actors:

Business and technical sender could be the same institution or different, as the signed message could also be transferred to a message concentrator before being finally submitted to T2S.



Instructing party:
 Couple of BICs identifies the instructing party, e.g. Participant BIC + System entity BIC.

Business receiver of the message:
 Couple of BICs identifies the business receiver.

Signature identifies the T2S User *



Business sending user and Instructing Party

Concepts

Business sending/Instructing system user (T2S User):

- The business sending user is the user creating the business payload of the request. It is the T2S user signing the message and is stated in the BAH;
- It is checked for privileges (it may or may not be a user of the instructing party); it could be a user of a T2S party that belongs to a different CSD from the CSD of the instructing party specified in the BAH.

Instructing Party:

- The instructing party is the party instructing T2S to process the business payload of the request. It is specified in the BAH (couple of BICs);
- It owns the business reference (TxId) specified in the payload and therefore defines the scope for the LCMM duplicate check;
- The instruction belongs to the system entity of the instructing party.

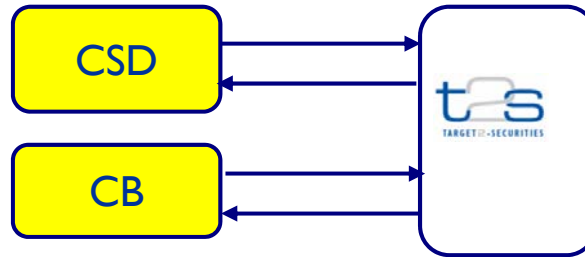
There is a variety of possible situations and setups. Therefore the Eurosystem defined the necessity of the certification based on the party's role in the communication with T2S.

The Eurosystem requires that both Technical and Business Sender have passed the certification for T2S:

- The **purpose** of the certification is to check that the Technical Sender is ready to communicate with the T2S platform and that the Business Sender is able to prepare correctly formatted and signed business messages;
- Technical and Business Sender have to jointly pass the certification, as both are required for actually transmitting a message to T2S;
- The certification needs to be passed only once (irrespective as a CSD, NCB, PB or CSD participant), even if multiple entities are linked to T2S via the same setup, as long as the initial scope of the certification is not exceeded and the same infrastructure is used for generating, signing and sending the messages.

Who needs to be certified?

Example 1



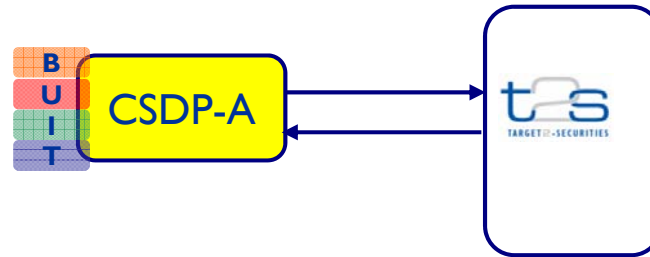
- All CSDs and Central Banks in T2S need to connect directly to the T2S platform to perform their functions
- Certification testing is therefore required



Certification testing required

Who needs to be certified?

Example 2



- CSD Participant CSDP-A of CSD-A sends settlement instruction directly to T2S
- CSDP-A is the technical sender, the business sender and the instructing party for all its instructions to T2S

U

T2S User

I

Instructing party

T

Technical Sender

B

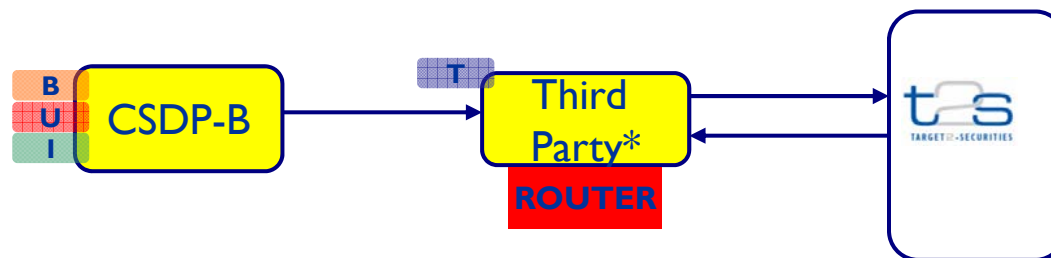
Business Sender



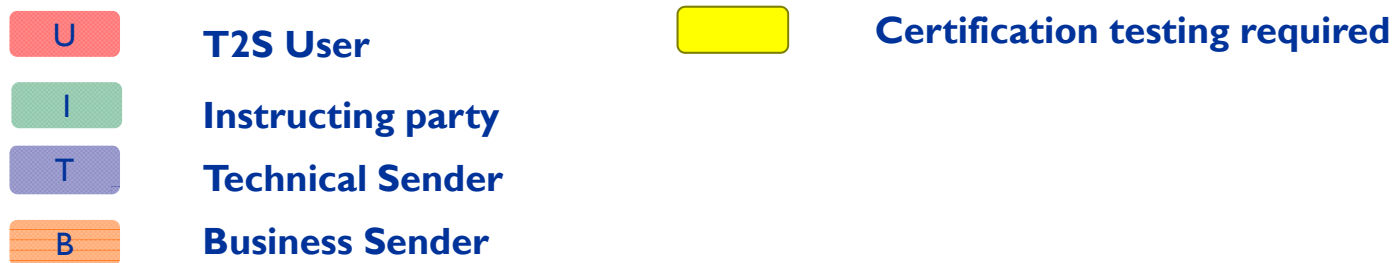
Certification testing required

Who needs to be certified?

Example 3



- CSD Participant CSDP-B of CSD-B sends settlement instruction via a third party (acting as router) to T2S
- CSDP-B is the business sender and the third party is the technical sender for all instructions of CSDP-B sent to T2S

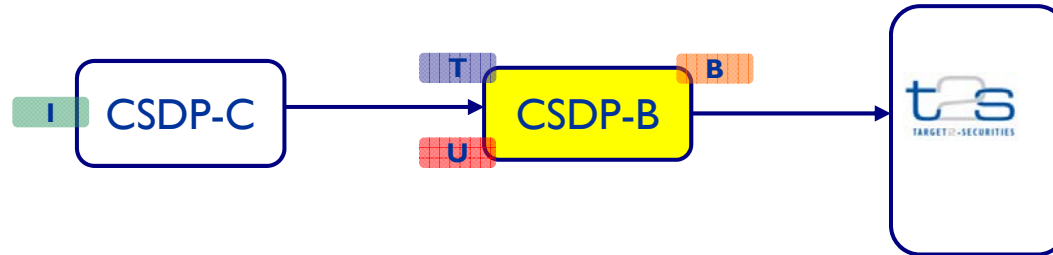


**The router acting as technical sender need not necessarily to have a securities account in T2S, but acts as a third party for the CSD Participant for the actual transmission of the instructions in ISO 20022 format. This could also be another CSD Participant, if they offer router services which are not part of their core business.*

In case a CSD Participant would like to transmit instructions in T2S ISO 20022 format via its account maintaining CSD, this will be considered as an ICP instruction (see example 5).

Who needs to be certified?

Example 4



- CSDP-C and CSDP-B are both CSD participants; CSDP-B has power of attorney on accounts of CSDP-C
- CSD Participant CSDP-C is the instructing party. It sends settlement instructions to CSDP-B.
- CSDP-B is the business sender and the technical sender for all instructions of CSDP-C sent to T2S. CSDP-B signs the message and keeps TxId reference of CSDP-C

U

T2S User



Certification testing required

I

Instructing party

T

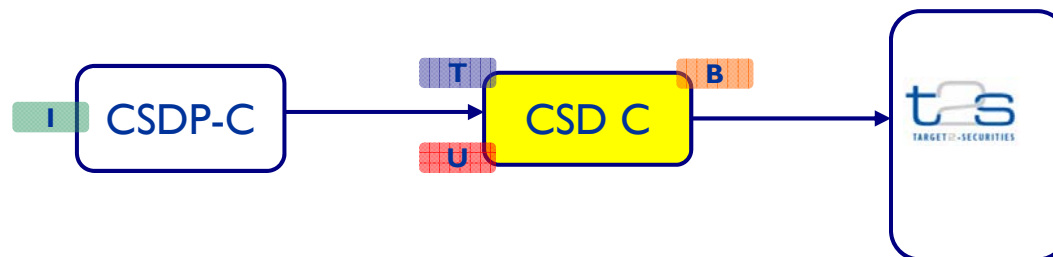
Technical Sender

B

Business Sender

Who needs to be certified?

Example 5



- CSD Participant CSDP-C is the instructing party*. It sends settlement instruction to CSD-C
- CSD-C is the business sender and the technical sender for all instructions of CSDP-C sent to T2S. CSD-C signs the message and keeps TxId reference of CSDP-C

U

T2S User



Certification testing required

I

Instructing party

T

Technical Sender

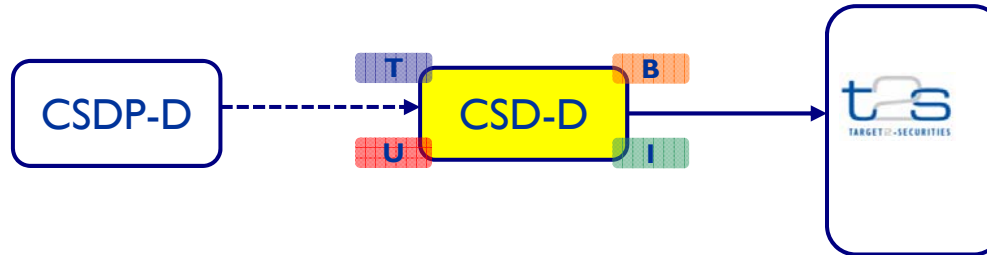
B

Business Sender

**The CSD will transmit instructions to T2S as a technical and business sender and the CSD Participant will act as instructing party. This scenario is treated as an ICP approach; the CSD participant does not have to conduct the certification test.*

Who needs to be certified?

Example 6



- CSD Participant CSDP-D of CSD-D. CSD-D sends settlement instructions on behalf of CSDP-D
- CSD-D is also the business sender and the technical sender for all instructions of CSDP-D sent to T2S. CSD-D signs and assigns own TxId reference to the message.

U

T2S User



Certification testing required

I

Instructing party

T

Technical Sender

B

Business Sender



Thank you for your attention

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