KDPW | KDPW CCP

MODIFICATIONS TO IT SYSTEMS

of KDPW and KDPW_CCP in 2023

Meeting with Participants

25 October 2022

Table of Contents

2.

Implementation Windows in 2023

KDPW | **KDPW CCP**

6 - 7 May
Spring Implementation Window

- Processing Debit Limit Requests in Settlement Process Using XML Messages

18 - 19 November
Autumn Implementation Window

- Modification of Settlement Process Functionalities
- Implementation of AMI-SeCo Standards

Spring Implementation Window

Processing Debit Limit Requests in Settlement Process Using XML Messages

Krzysztof Ołdak

With a view to streamlining the process for banks acting as paying agents to set debit limits, as defined in § 84 of the KDPW Rules, we are planning to implement solutions enabling banks to set debit limits using dedicated xml messages.

The new solution will replace the current form of payment limitation transmitted in traditional form.

dates

- Detailed material, including message structures, on the proposed changes — 31.12.2022

- Opening of test environment and start of tests — as of 04.2023

- Implementation of modifications to IT systems — **6-7.05.2023**

Spring Implementation Window
Processing Debit Limit Requests in Settlement Process Using XML Messages

1. **Legal basis**

   § 49 of the Detailed Rules of Operation of KDPW, which sets out the timeframe and method of setting limits

2. **Parties concerned**

   <u>Entities entitled to set debit limits</u>
   Participants acting as **paying agent and representative**

3. **Status quo**

   <u>Deadline for setting debit limits</u>
   at the latest 15 minutes after the start of the settlement session concerned by the limit

   <u>Method of setting debit limits</u>

   notification submitted electronically according to **Template U17 and U17.1** published on the KDPW website

   a paying agent which is not a direct participant may send the message **SWIFT MT299** which sets a limit and defines its scope of application

Spring Implementation Window

Processing Debit Limit Requests in Settlement Process Using XML Messages

4. **Debit limits after the change**

Deadline for setting debit limits

We are planning a change: **data can be submitted until the opening of the settlement session** concerned by the limit

A limit **for a specific date (other than today) and a specific session may be set at any time before the session** concerned by the limit (even a year in advance, subject to the reservation above)

To set a limit for a specific session, the message must indicate **a specific session on a specific date**

4. Debit limits after the change

Method of setting debit limits

Two new xml messages:

camt.mrl.001.01 – Payment limit order

The message structure is slightly different from that used by KDPW_CCP

camt.mrs.001.01 – Payment limit status

Spring Implementation Window

Processing Debit Limit Requests in Settlement Process Using XML Messages

4. Debit limits after the change

Scope of information in **camt.mrl.001.01:**

- effective date
- settlement session identifier
- KDPW participant identifier
- paying agent identifier
- bank account number
- limit set by the paying agent

5. Further processing of limits in the KDPW system **follows the same procedure** as that applicable currently.

Modifications to KDPW and KDPW_CCP IT Systems Scheduled in 2023

Autumn Implementation Window

Modification of Settlement Process Functionalities

Krzysztof Ołdak, Joanna Dmowska

With a view to supporting settlement processes, a project has been set up in the KDPW Group whose main objective is to improve the functionality of the settlement process. In particular, we are planning to implement changes adding the possibility of presenting a part of a previously suspended order for settlement (partial release), implement changes to the processing of settlement instructions agreed by the S&R NMPG PL (rules for the use of indicators of the direction of cash flows and the direction of flow of financial instruments), and implement a hold-release mechanism for inter-system transfers to other CSDs. We also plan to assess the feasibility of implementing mechanisms to change the settlement system (multi-batch vs. RTGS) for matched orders.

dates

- Meetings within the S&R NMPG PL working group and agreement on the scope of changes to the settlement process functionalities — 01.2023

- Development of requirements specifications — 04.2023

- Opening of the test environment and start of tests — 09.2023

- Roll-out — **18-19. 11.2023**

Autumn Implementation Window

Modification of Settlement Process Functionalities

1. Objective

To continuously improve the **quality of services** provided by KDPW to Participants and **address their business needs**

2. Scope

The changes will cover the main settlement processes in order to optimise the operations. The purpose of the new functionalities is to actively support settlement of both our Participants and KDPW_CCP.

- **PARTIAL RELEASE** – further development of the existing hold-release mechanism

The mechanism supports optimisation and precise management of the volumes of **assets presented for settlement.**

Autumn Implementation Window
Modification of Settlement Process Functionalities

2. Scope

Implementation of modifications to the processing of settlement instructions agreed by the **S&R NMPG PL** (Settlement and Reconciliation National Market Practice Group)

To address the Group's expectations, we will request Participants to analyse and assess the proposal presented to KDPW for the use of the following indicators:

- ✓ **CRDT/DBIT** in the field CdtDbtInd to indicate the direction of **cash flows** in the settlement process,
- ✓ **RECE/DELI** in the field DlvrRcvCd taking into account settlement orders not matched in KDPW. The indicator flags the direction of the **flow of financial instruments**

Autumn Implementation Window

Modification of Settlement Process Functionalities

2. Scope

We are planning work to support the settlement process including:

- implementation of the **hold-release mechanism for inter-system transfers** to other CSDs,

- feasibility analysis of the introduction of functionalities to **change the settlement system for matched instructions** (MB -> RTGS ;RTGS -> MB).

Autumn Implementation Window

Implementation of AMI-SeCo Standards

Leszek Kołakowski

KDPW is carrying out project work related to the implementation of the AMI-SeCo standards for the processing of corporate events as part of the process of harmonising collateral management rules in the European market (Single Collateral Management Rulebook for Europe - SCoRE). The project will expand the existing information exchange software, including the electronic messages used for corporate event processing. The exchange of information with regard to such processes will be carried out using ISO 20022 messages in the version currently in force, whose content will be adapted to the AMI-SeCo standards. We are also planning changes to the interface offered by KDPW for the processing of securities benefits payments (Benefits Payment application).

dates

- Development of requirements specifications for modifications to KDPW systems

04 and 06.2022

- Opening of the test environment and start of tests (in stages)

as of 07.2023

- Implementation of AMI-SeCo Standards for collateral management (Corporate Actions standards) and billing (Billing Processes standards)

18-19.11.2023

Autumn Implementation Window
Implementation of AMI-SeCo Standards

The planned changes will in the first place cover **corporate events in the area of benefits payments and securities operations, where communication with participants is based on ISO20022**.

The communication will be based on the latest, at the time of implementation, versions of the ISO20022 messages (Standards Release 2023).

The alignment with the SCoRE standards will include, among others, the following processes:

- **Notification** and updating of corporate event information, including reducing the period between the time when KDPW is informed of the event and the time of distribution of the information to the market for events that require review and approval by KDPW.

- **The transmission of instructions** for corporate events and the rules related to the transmission of information on the status of instructions, including KDPW's use of the default option for the execution of the event.

- **Notification** and updating of information on **projected flows**, notification of delays to events and their reasons.

- **Confirming the execution** of a corporate event.

In line with the SCoRE standards, we are planning to **implement new processes related to:**

- **Reversal of corporate events.** Only those events whose execution involves cash distribution only, e.g., DVCA, INTR, will be eligible for reversal. For events involving securities flows, event reversal will not be possible.

- **Cancellation of flows of securities and/or cash flows projected in a corporate event** due to cancellation of the event by the issuer or cancellation of an instruction submitted by a participant.

Autumn Implementation Window

Implementation of AMI-SeCo Standards

The specification of schemas and rules for the use of the ISO2022 messages is published on the SWIFT MyStandards platform, https://mystandards.swift.com.

The currently published message structures are based on Standards Release 2021. When Standard Release 2023 is published, the specifications and schemas will be updated to the latest versions of ISO20022 messages.

What remains to be discussed and decided by the **NSG is the implementation of invoices based on the dedicated ISO20022 message required by the SCoRE standards, camt.077**, particularly with regard to the practical need to implement such a form of invoicing in relation to the **National e-Invoicing System (KSeF)** project which envisages invoicing and electronic communication based on xml messages.

Q&A

3.

Implementations Scheduled in 2023 - 2024

Implementations Scheduled in 2023 – 2024

Target Services

Marcin Zawistowski

In connection with the adaptation of KDPW Group to Target Services, changes have been made to KDPW's IT systems to meet the requirements of the new Target Services system created in the consolidation of the Target2 system and the Target2-Securities system. Currently, KDPW and KDPW_CCP, like any Target 2 system participant, are finalising preparations for migration to the new EUR payment settlement platform - T2.

On 20 October 2022, the ECB Governing Council decided to postpone the migration to the new TARGET system from 21 November 2022 to 20 March 2023.

Target Services is the collective name for the Eurosystem's market infrastructure services: T2 (RTGS and CLM), Target2 Securities (T2S) and Target Instant Payment Settlement (TIPS). The project is also known as T2-T2S Consolidation. The project is led by the Eurosystem (ECB together with the central banks of the euro area) and coordinated in the Polish market by the NBP. KDPW and KDPW_CCP participate in T2 as ancillary systems.

dates

- Start of user testing — 12.2021
- Migration weekend tests — 23-24.09.2022
- External system tests — 05-16.09.2022
- NBP scenarios tests — 11-13.10.2022

- Alignment of KDPW with Target Services — **20.03.2023**

Implementations Scheduled in 2023 – 2024

Target Services

The tests are **mandatory for all** banks acting as **paying agents in EUR** for KDPW and KDPW_CCP Participants.

The obligation to hold a EUR account applies to most KDPW and KDPW_CCP Participants due to, among others, the cash penalty regime, benefit payments and settlement of EUR transactions.

Those **Participants** who have not participated in the tests to date and have not submitted the relevant documents, and whose activities may involve payments in euros, are requested to contact us and take part in the tests.

Implementations Scheduled in 2023 – 2024

Modernisation of the Processing of Access Certificates in A2A Communications

Rafał Wawrzyniak

In view of an increase in threats to IT system security and the simultaneous increase in the number of services that the KDPW Group offers via electronic access channels, the KDPW Group has decided to set up a project to make changes to the use of electronic certificates in A2A communications. The changes include, first and foremost, phasing out of personal certificates and standardising their design and use across all KDPW Group services.

The project will also standardise the process of applying for certificates, which will be based on a dedicated service within the Services Portal (https://online.kdpw.pl) and a private key generated directly by the applicant.

dates

- Implementing changes to the processing of access certificates in A2A communications for TR EMIR, TR SFTR and ARM services — 04.2023

- Implementing changes to the processing of access certificates in A2A communications for KDPW and KDPW_CCP services — 04.2024
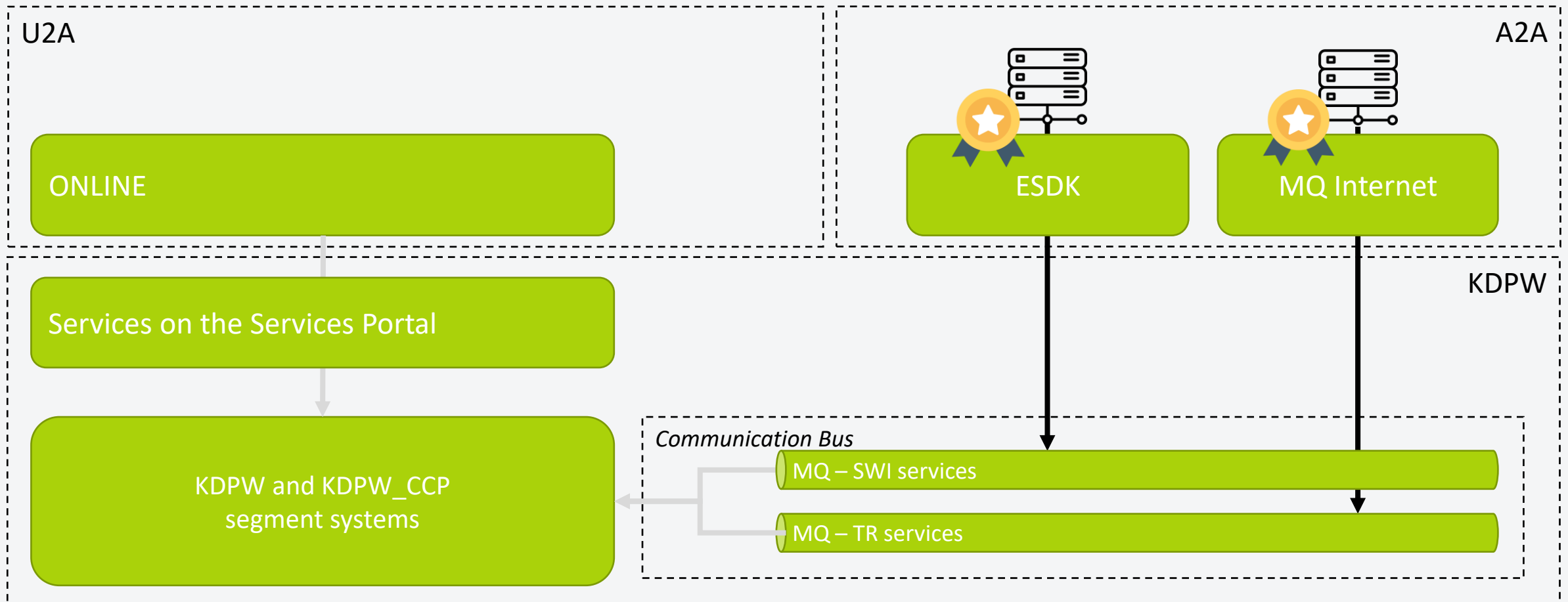
Implementations Scheduled in 2023 – 2024

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Modernisation of the Processing of Access Certificates in A2A Communications

A2A certificates – authentication in inter-system communication

Modifications to KDPW and KDPW_CCP IT Systems Scheduled in 2023
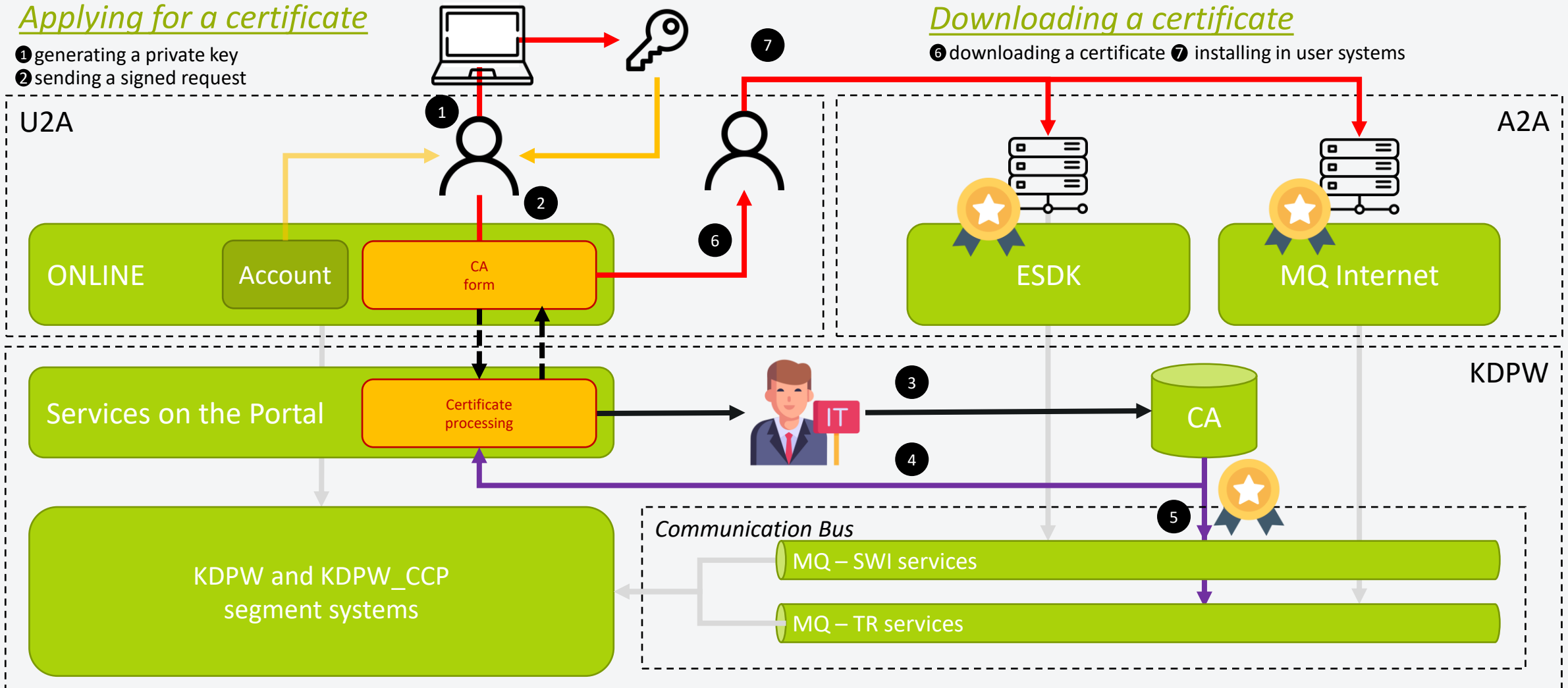
KDPW | KDPW CCP

Modernisation of the Processing of Access Certificates in A2A Communications

Applying for a certificate

❶ generating a private key
❷ sending a signed request

Downloading a certificate

❻ downloading a certificate ❼ installing in user systems

U2A
A2A

ONLINE   Account   CA form

ESDK   OMQ Internet

KDPW

Services on the Portal   Certificate processing   IT   CA

KDPW and KDPW_CCP segment systems

Communication Bus

MQ – SWI services

MQ – TR services

Implementations Scheduled in 2023 – 2024

Adaptation of KDPW Group's Systems to the New Trading System WATS

Andrzej Kamiński

With a view to the impact of changes related to the implementation of GPW's new trading system on our systems, applications and IT infrastructure, a project is underway at the KDPW Group to adapt the KDPW Group's systems (mainly kdpw_stream) to the new trading system WATS. The schedule of KDPW Group project work depends on the WATS project schedule.

At the current stage of the project, we have identified the need to update ISO20022 messages in the Securities Clearing area (secl). Should further customisation needs arise, we will inform you through separate correspondence.

dates

- Detailed material on changes to the ISO20022 messages in the Securities Clearing area (secl) 02.2023
- Connection of KDPW Group systems to eUAT 03/04.2023
- Connection of KDPW Group systems to prePROD 06.2023
- TST release of a new version of ISO20022 messages in the Securities Clearing area (secl) 07.2023
- KDPW Group systems ready for "Go Live" 12.2023
- Implementation of the new versions of the messages (secl) will take place concurrently with the implementation of the new system WATS **04.2024**

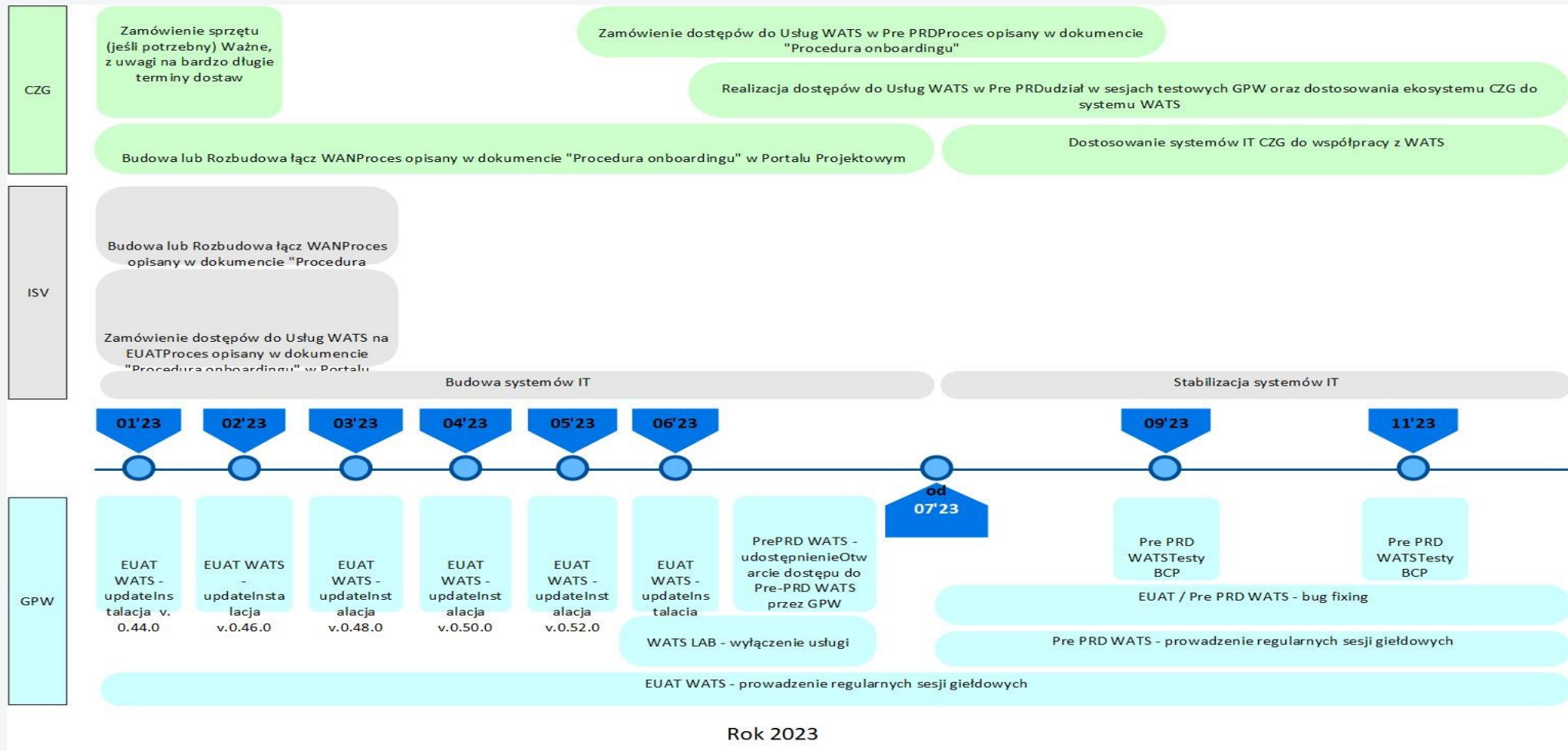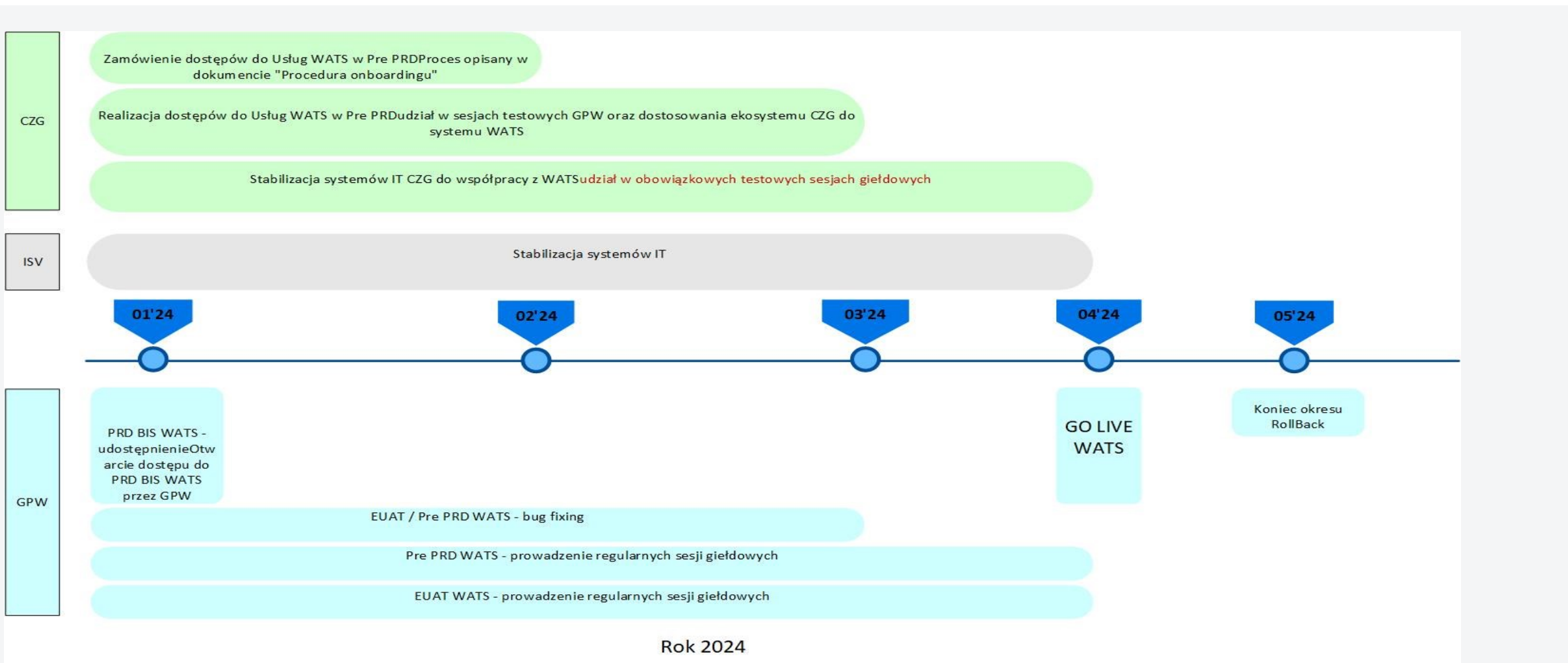## Adaptation of KDPW Group's Systems to the New Trading System WATS

Implementations Scheduled in 2023 – 2024

Adaptation of KDPW Group's Systems to the New Trading System WATS

Implementations Scheduled in 2023 – 2024

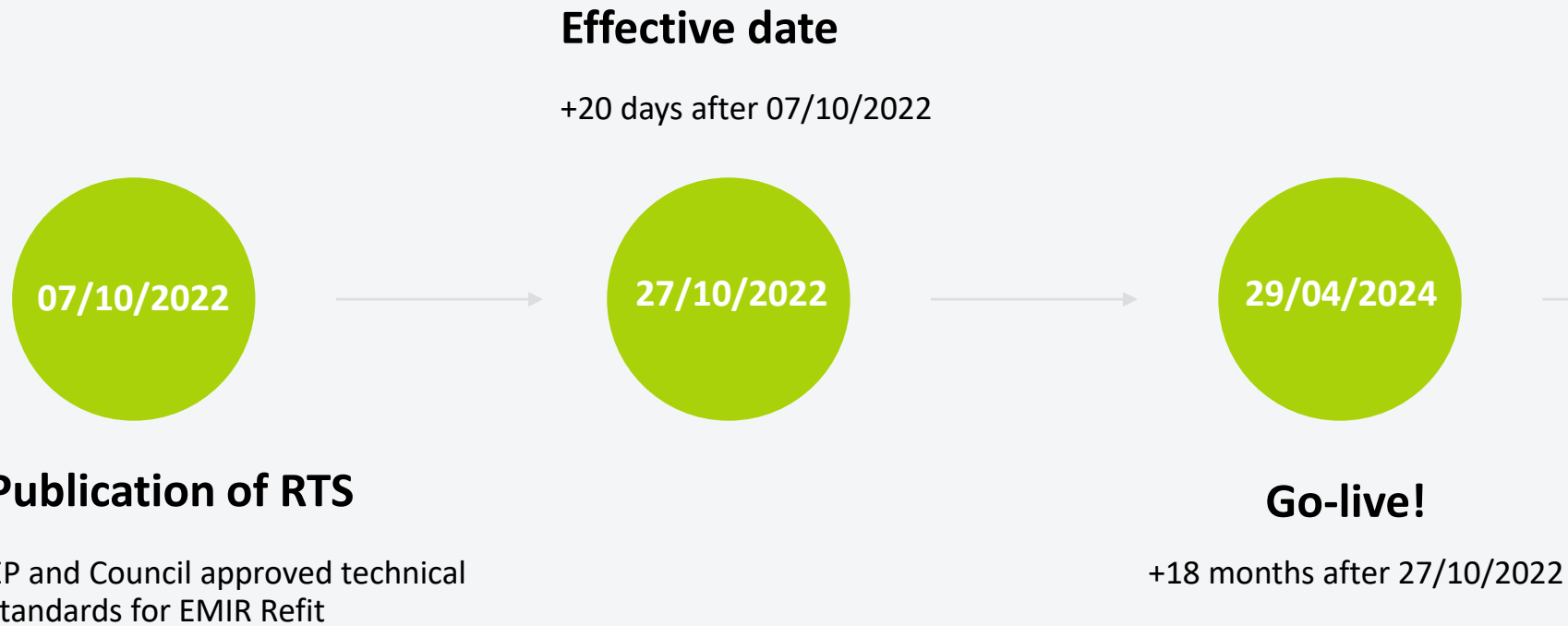## Adapting the EMIR Trade Repository System to EMIR REFIT

Sławomir Zając, Ewa Kosowska

The KDPW Group is running a project aimed at adapting the EMIR Trade Repository system to changes resulting from the EMIR REFIT. In order to enable TR EMIR participants to meet their reporting obligations and supervisors to have efficient, uninterrupted access to KDPW_TR data, the project will: implement new xml message schemas in the ISO 20022 standard, implement new formal and content checks, change the structure of databases and migrate data, increase system performance, change the process of adapting reports for supervisors and change the TR EMIR participant/user interface.

- What is EMIR Refit?

- Key deadlines

- Key regulatory amendments

- Key issues for KDPW TR

Implementations Scheduled in 2023 – 2024
Adapting the EMIR Trade Repository System to EMIR REFIT

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Effective date

+20 days after 07/10/2022

07/10/2022 → **27/10/2022** → **29/04/2024**

Publication of RTS

EP and Council approved technical
standards for EMIR Refit

Go-live!

+18 months after 27/10/2022

Implementations Scheduled in 2023 – 2024
Adapting the EMIR Trade Repository System to EMIR REFIT

Key deadlines

	dates
Final Report	17/12/2020
Consultation Paper	08/07/2021
Draft Guidelines for reporting under EMIR	
Final RTS	10/07/2022
Publication of RTS	07/10/2022
Publication of validation rules, schemas and guidelines	Q4 2022
Start reporting	**29/04/2024**

1 New fields:

- now: maximum 129 fields

- after the change: maximum 203 fields – (174 reporting fields and 29 collateral/margin fields)

2
- Counterparty details

- Changes to end-of-day reports

- Reconciliation with greater detail and moved to RTS

3
- UPI – Unique Product Identifier

- Changes to UTI generation

EMIR Refit

Key amendments

4

- Changes to Action Type

- Event Type – new component

- Action Type and Event Type combination table

5

Updating open trades/positions

- 180 days for an update

6

ISO 20022 - XML

EMIR Refit

Key amendments

EMIR REFIT WORKSHOP

Adapting the KDPW Trade Repository system to the changes related to EMIR Refit (in Polish)

15 NOVEMBER 2022
10:30 CET
via MS TEAMS

EMIR REFIT WORKSHOP

Adapting the KDPW Trade Repository system to the changes related to EMIR Refit

17 NOVEMBER 2022
10:30 CET
via MS TEAMS

Contact

EMIR Trade Repository:

refit@kdpw.pl

Customer Relations:

michal.akimowicz@kdpw.pl

Implementations Scheduled in 2023 – 2024

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Development of Settlement Service for WIRON-based OIS and Conversion of WIBOR Legacy Portfolio

Marcin Truchanowicz, Monika Przybylik

In connection with the planned benchmark reform which assumes, among others, the introduction of a new interest rate benchmark WIRON, replacing WIBOR, whose input data are ON (overnight) transactions, KDPW_CCP has to adapt its systems and regulations accordingly and obtain the relevant authorisation.

The project will adapt the systems, processes, procedures and regulations for clearing and risk management to support the new benchmark and to convert the transaction portfolio to the new instruments.

The work at national level is carried out within the National Working Group for Benchmark Reform (NGR).

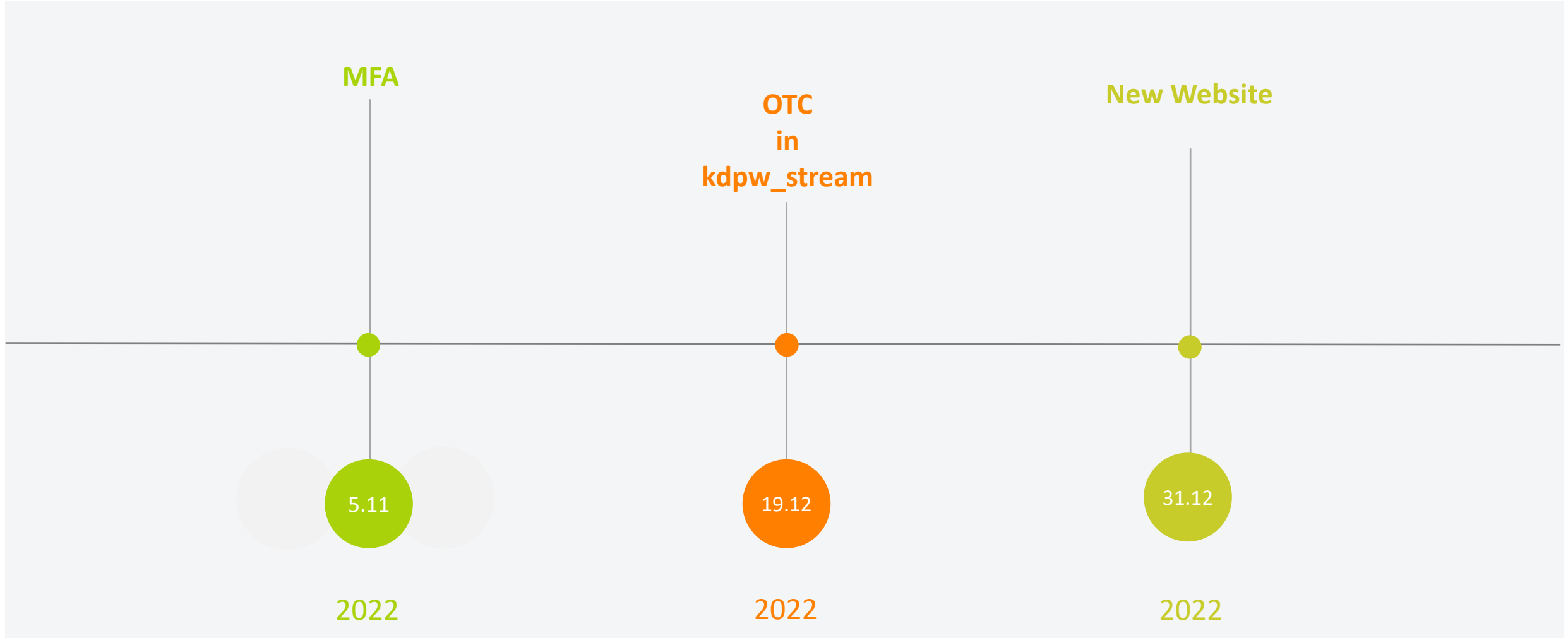|	date
• Development of requirements specifications part 1 (changes for OIS)	Q4 2022
• Design and programming work part 1	Q1 2023
• Drafting amendments to regulations	Q1 2023
• Start the authorisation process	Q2 2023
• Development of requirements specifications part 2 (conversion)	Q4 2023
• Design and programming work part 2	Q2 2024
• Testing with participants	Q1-3 2024
• **Roll-out (OIS)**	**Q2 2024**
• **Portfolio conversion**	**Q4 2024**

Implementations Scheduled in 2023 – 2024

Q&A

4.

Implementations Scheduled by the End of 2022

Implementations Scheduled by the End of 2022

MFA

OTC
in
kdpw_stream

New Website

5.11

19.12

31.12

2022

2022

2022

Modifications to KDPW and KDPW_CCP IT Systems Scheduled in 2023

KDPW | **KDPW CCP**

MFA

Rafał Wawrzyniak

With a view to enhancing the security of the services that KDPW Group companies offer via the KDPW Group services portal **online.kdpw.pl**, multi-factor authentication (MFA) will be implemented in November 2022.

At the moment, access to applications requires authentication using a password, which is a knowledge attribute. To increase the level of credibility, a second authentication factor will be introduced, based on a possession attribute. This means that during the authentication process, the user will have to prove that he or she has access to a trusted and assigned device.

📞 +48 22 537 9449   ✉ mfa@kdpw.pl

date

	date
• Mobile application and trusted device management portal (https://identity.kdpw.pl) open for testing, together with access to the services portal using MFA in the TST and EDU environment	04.2022
• MFA required for access to the services portal in the test environment (https://tst-online.kdpw.pl)	05.2022
• MFA required for access to the services portal in the education environment (https://edu-online.kdpw.pl).	09.2022
• Launch of telephone and email support for logging into KDPW Group applications using MFA.	10.2022
• **Expected roll-out** of MFA in accessing the services portal in the production environment (https://online.kdpw.pl)	**05.11.2022**

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Launch of the kdpw_stream Clearing System for OTC Transactions

Marcin Truchanowicz, Żaneta Skorupska-Świrska

The integration of clearing and risk management for OTC transactions into the kdpw_stream system is scheduled in December 2022. The currently used OTC trade clearing system (developed and supported by NASDAQ) will be replaced by a system developed in-house by the KDPW Group. The new system dedicated to the clearing of OTC derivatives will improve the standard of the clearing services (standardisation of messages, speed of operation, effective implementation of future changes) and enhance the efficiency and flexibility of the clearing service solutions.

dates

- Comprehensive testing of the clearing process for OTC derivatives in the TSTB test environment supported by the KDPW_CCP test team (at_test@kdpw.pl). — as of 10.10.2022

- Workshop with participants - practical test of auctions with the support of the KDPW_CCP test team — 17.11.2022

- Deployment of new software in the TSTA test environment (after production data migration); freezing changes to clearing processes — 1-2.12.2022

- Expected roll-out of new kdpw_stream clearing system component dedicated to OTC — **17-18.12.2022**

Implementations Scheduled at the Turn of 2022/2023

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KDPW's and KDPW_CCP's New Website

Katarzyna Borkowska-Wiśniewska

The KDPW Group is finalising work on the new KDPW and KDPW_CCP websites, which are scheduled to be rolled out in early January 2023.

The layout of the websites and the information architecture will change. All content will be available publicly without logging in. You will only log in to services and applications available on the Services Portal online.kdpw.pl and the Data Portal data.kdpw.pl.

The new websites will continue to present system descriptions and the documentation of our system messages (xml messages). We will only publish ISO messages on the MyStandards platform, but the websites will include a list of the ISO messages used with a link to the relevant MyStandards section.

date

- **Roll-out of KDPW's and KDPW_CCP's new websites**

January 2023

- The launch of the new information websites will not automatically disable access to the existing version. For your convenience, both versions will be available simultaneously in the first phase.

Implementations Scheduled by the End of 2022

Q&A

Thank you