ESMIG Connectivity Services Agreements
- Q&A No. 1 -

The document addresses questions of market participants on the rights and obligations of the Network Service Providers (NSPs) stemming from the Concession Contract, which forms a basis of the negotiations on the connectivity offers with those NSPs.

Further questions on the ESMIG connectivity can be sent to: ESMIG-Connectivity@bancaditalia.it

Monthly updates of this document will be performed on the basis of new questions received and will be published as FAQ on the Banca d’Italia and ECB web sites.

1. Can a NSP make a single, all-inclusive offer with a single price for both (a) ESMIG/TARGET services and (b) also market infrastructures not connected to ESMIG?

No. The NSP must disclose the price detail for the TARGET services (for the time-being: T2, T2S, TIPS and ECMS), in order to enable the participant to check that the maximum prices set out in the Concession Contract for the ESMIG connectivity services are not exceeded.

2. Can a NSP charge different fixed/recurrent prices to a client (a) using only T2 (b) using both T2 and TIPS?

Only if the aggregate prices do not exceed the maximum prices set out in the Concession Contract. For the avoidance of doubt, the maximum prices included in the Concession Contract cover all TARGET services, i.e. there are no separate maximum prices set up per TARGET service.

For example, if a NSP has set as maximum price a recurrent cost of “x”:
- It may not charge more than “x” for access to T2 and TIPS
- It may charge a portion of “x” for access to T2 only and maximum “x” for access to both T2 and TIPS

3. Is a NSP obliged to publish a service description document or can it be provided on a bilateral basis?

Under Requirement ESMIG.30020 the NSP is obliged to “develop a catalogue of Connectivity Services as part of the ESMIG overall service catalogue to the ESMIG Operator and the Di.Co.A.s.” (see attachment 1.1 to the Concession Contract). Since the Concession Contract contains no provisions on how the NSPs should make these documents available, either solution is possible.

4. What is considered as a value added service? How to determine whether such a service falls within the scope of the concession contract (and is subject to a maximum price)?

These questions can be answered via a 2-step analysis.

**Step 1:**
Based on Article 7.5 of the concession contract, verify if the services are "necessary for a Di.Co.A to make efficiently and securely use of the Connectivity Services".

- if YES --> they are covered by the concession contract and have to be provided within the maximum price set out by the NSPs, because Article 7.5 of the Concession Contract states: "The NSPs shall be obliged to supply, but shall not charge for any services not included in the below list (Attachment 1.4), but which are necessary for a Di.Co.A to make efficiently and securely use of the Connectivity Services"
Step 2:
Based on Article 7.3 of the Concession Contract, verify if the services might qualify as "higher service levels than those envisaged by the Concession Contract".

- if YES --> they are covered by the Concession Contract but the NSPs are not bound by the maximum prices, because Article 7.3 of the Concession Contract states: "If and to the extent Di.Co.A. require the Network Service Provider to provide any or all of the connectivity services at higher service level than those envisaged by this Contract, than the NSP is not bound by the maximum prices"

- if NO --> the services are not covered by the Concession Contract, and therefore the NSPs are not bound by the maximum prices or other requirements applicable to the NSPs set out in the Concession Contract.

5. Can a NSP require a customer to install a software/hardware component which is not listed in the Concession Contract, as a prerequisite to ensure connectivity to a given TARGET service?

Under Attachment 1.4 to the Concession Contract (item A.2) NSPs are obliged to provide a solution featuring all the software and hardware components “required to access and utilise all the NSP’s services in a secure and reliable way”. This “basic” set of components is subject to the maximum prices set out in the Concession contract.

Only hardware and software components that do not qualify as “required to access and utilise all the NSPs service in a secure and reliable way” can be considered as not subject to the maximum prices (see previous bullet point) and as not part of the NSPs’ obligation to include them in its ESMIG solution. Therefore, the NSPs cannot oblige a customer to install a software/hardware component at its own cost and under its own responsibility as a prerequisite to ensure connectivity to a given TARGET service.

6. In case a TARGET participant (Di.Co.A) outsources its IT architecture to an external IT provider, what is the required contractual set-up (i.e. bilateral contract between the external service provider and a NSP, bilateral contract between the TARGET participant (Di.Co.A) and a NSP or a tri-lateral contract)?

ESMIG connectivity services agreements pursuant to article 7 of the Concession Contract can exclusively be concluded between a NSP and a Di.Co.A. This is without prejudice to the Di.Co.A.’s right to outsource technical tasks related to ESMIG connectivity in whole or in part.