ESMIG Connectivity Services Agreements  
- Q&A No. 4 -

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.

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1. **Is it mandatory to use one NSP for all TARGET services, or can different NSPs be used to access different TARGET services (e.g. one NSP for TIPS and another NSP for T2S and T2)? Will it be possible to have different NSPs for different services?**
   
   No provision in the Concession contract obliges a Di.Co.A. to use the same NSP for all connectivity services. Therefore, it will be possible to have different NSPs for different services.

2. **Will Central Banks maintain the role of an alternative path to T2 after the implementation of ESMIG?**
   
   No, they will not. A Di.Co.A. can enter into ESMIG Connectivity agreements with both NSPs if it wants to have an alternative connection. The U2A channel constitutes a convenient alternative network access solution.

3. **Is the introduction of ESMIG expected to impact the fixed connectivity costs of TIPS?**
   
   TIPS connectivity prices are covered by Annexes 1.4 to the two NSPs’ Concession contracts, which set out the one-off, recurring and messaging fees that the NSPs commercial offers cannot exceed.

   It is worth to recall that for both NSPs TIPS messaging prices for the production environment cannot exceed € 0,0005 (item C.5 of Annex 1.4 to the Concession contracts).

4. **To what extent will T2 payment settlement tracking be supported via gpi? Can gpi be used in the ESMIG context and, if yes, can it be used with both NSPs? Please confirm that both NSPs can be used for all services, including gpi.**

   gpi is a service offered by one of the NSPs, independently from the provision of ESMIG Connectivity Services. ESMIG does not feature any gpi tracking support functionality. Di.Co.As can use gpi for T2 and TIPS payments without any impact on ESMIG. Di.Co.As need to review with their NSP(s) how to support their use of gpi in the context of ESMIG.

5. **Will Internet access be offered as an opportunity for participants with low volumes to connect to TARGET services via ESMIG?**

   Item A1 of Annex 1.4 to the Concession contract provides for a single connectivity model, i.e. Di.Co.As have to rely on two incoming physical lines in a redundant set-up to be provided by the NSPs with guaranteed minimum bandwidth and KPIs, whether they use both A2A and U2A or only U2A for low volume participants. Therefore, access via public Internet is not an option.

   With reference to low volume participants, it is worth to recall that specific price caps apply for the minimum set of software and hardware components (items D1 and E.1), registration (item D.2), customer support (item E.2) and messaging (item F.1).

6. **If a participant decides to remain with its current NSP for the connection to the future TARGET services as of November 2021, can the existing, currently installed physical infrastructure be...**

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reused? If yes, is it still mandatory to sign a new contract with the NSP and how does it relate to the maximum prices committed in the concession contract by each NSP?

No provision in the concession contract prohibits the re-use of an existing connectivity infrastructure. However, signing a new ESMIG Connectivity contract with the NSP is mandatory since the provision of ESMIG connectivity services is subject to a new set of rules set out by the Concession contract. Maximum prices apply to the extent that an existing connectivity solution is used for ESMIG connectivity.

Please refer also to the Q&A document No. 1 published on January 17th on NSPs’ price transparency obligations in case of bundled offers (i.e. offers concerning ESMIG and non-ESMIG connectivity services).

7. We are currently using SWIFT for access to Target, TIPS and for sending/receiving payment files and FIN messages. The communication equipment (VPN boxes) have been purchased from SWIFT and we are also paying a yearly maintenance fee. Communication lines have been installed and are being paid by the Bank. What happens in case SWIFT wins the competition for the NSP procurement? Will they have to install new communication lines and equipment?

Re-use of existing infrastructure is not prohibited (see Answer no. 6 above). However, with specific reference to the physical lines please note that NSPs have an obligation to provide them as a part of their ESMIG connectivity solution at a capped price under items A.1 and B.1 of Annex 1.4 to the Concession contract. Maximum prices apply to the extent that the existing connectivity solution is used for ESMIG connectivity.

Please refer to the Q&A document No. 1 published on January 17th on NSPs’ price transparency obligations in case of bundled offers (i.e. offers concerning ESMIG and non-ESMIG connectivity services).

8. Can we expect a digital certificate from one or both NSPs which would bring the FMIs into the position to eliminate the need for Hard Tokens, e.g. T2S certificates?

The “Technical Requirements and Compliance Check” annex to the Concession contract requires the NSPs to grant access also using a solution based on a virtual token in a remote HSM.

Quoting the requirement ESMIG.50110: “The NSP must provide an authentication mechanism based on remote HSM for storing all digital keys used for U2A. These devices must be compliant with FIPS 140-2 Level 3. The Di.Co.A. can either use the "Authentication in U2A mode – Smartcard/USB token" (ESMIG.50100) or this "Authentication in U2A mode – Remote HSM" (ESMIG.50110). This authentication is two factor based (because of the user’s knowledge of the PIN). The NSP must check validity of the digital certificate”.

This removes the obligation to have physical tokens (e.g. in T2S).

9. Both NSPs mentioned that MQ Server is required in order to access ESMIG. We do not currently have MQ Server. We asked both NSPs and both replied that MQ Server will not be included in their offer. Is this in line with the requirement that they should provide everything? Does the requirement refer to U2A access only, while MQ Server is required for A2A?

MQ Server is not needed for U2A-only access. MQ Server is one of the possible options for A2A solutions. Please contact your NSP for more details on the integration options. Since it is a general purpose piece of software and it is not explicitly mentioned as a part of the minimum set of hardware and software components to be provided by the NSPs, the Di.Co.A. must provide for it outside the Concession contract.