

## Appendix 1 Central Matching Service – Electronic Settlement Matching

### Service Definition

Task	Measure
<b>Service Definition</b>	
<p>Electronic Settlement Matching (eSM), the Service, is a subset of the services offered by Equias. The Service is centrally implemented on Equias' Central Matching Service platform (the CMS). The Service is compliant with the EFET eSM 1.0 standard, and subsequent relevant eSM standards. The service will host and run the Equias eSM module as a service.</p> <p>The service will be responsible for monitoring communications between the CMS and registered users.</p> <p>The service will be responsible for resolution of all communication issues between the CMS and registered users.</p>	
<b>CMS Administration Processes</b>	
<i>Client maintenance</i>	
Adding organisations to the CMS	Part of the standard client on-boarding plan
Testing with new CMS organisations – communications and trial document transfer	Part of the standard client on-boarding plan
Training of new CMS users – business	Part of the standard client on-boarding plan
Training of new CMS users – technical	Part of the standard client on-boarding plan
Solving communication issues – Document in status ERROR	P2 (see issues below)
Solving communication issues – Document in status FAILED	P2 (see issues below)
<b>System Availability</b>	
System availability	24x7, 99% available for all planned hours, measured on a calendar month basis. Excludes planned and emergency outages as defined below
Planned outages	<p>An allowance for planned outages (outside of standard and skeleton support hours) of 2 hours per day plus one additional outage of not more than 8 hours in any one calendar month with 1 calendar week's notice</p> <p>Outages on a weekday to be between 20:00 and 07:00 UK time</p>

Task	Measure
Emergency outages	An allowance for single planned outage of not more than 4 hours in any two calendar months with 2 business days' notice within or outside of standard and skeleton support hours
<b>Support Windows</b>	
Standard support	Helpdesk available from 08:00 – 18:00 UK time Monday – Friday excluding UK public holidays
Skeleton support	Helpdesk available from 09:00 – 17:00 UK time for any UK public holidays falling on a Monday – Friday excluding the UK public holidays Christmas Day, Boxing Day, New Years' Day, Good Friday and Easter Monday
Emergency support	All times outside of Standard and Skeleton support hours excluding the UK public holidays Christmas Day, Boxing Day, New Years' Day, Good Friday and Easter Monday
No support	UK public holidays Christmas Day, Boxing Day, New Years' Day, Good Friday and Easter Monday
<b>Monitoring</b>	
System availability	Ongoing 24x7
Network availability	Ongoing 24x7
Client Ping Pong	Hourly when in Standard support Hourly when in Skeleton support
Client sending documents	Hourly within Standard Support Twice daily when in Skeleton support
Client receiving documents	Hourly within Standard Support Twice daily when in Skeleton support
<b>Issues – Definition</b>	
P1 Definition	Major failure of service for one or more clients, no workaround exists for at least one client.
P2 Definition	Major failure of service for one or more clients, where a workaround exists for all affected clients.
P3 Definition	Any other help desk call (fault, clarification, support) for one or more clients.
Change Request Definition	Request for change to the service and/or application by a registered user.
Information Request Definition	Request for information regarding the CMS by any party
<b>Issues – Response times</b>	
<i>Standard support</i> The Standard Support SLAs apply only during standard support hours. The timings for responding/updating shall stop at the end of a standard support day and start again at the start of the next standard support day. The service shall continue to provide updates to affected CMS users until the issue has been resolved.	
P1	Response to call in 30 minutes. Update to client every 2 hours within Standard Support hours.

P2	Response to call in 120 minutes. Update to client every 4 hours within Standard Support hours.
P3	Response to call in one business day. Update to client upon request.
Change Request	Response to call in one business day.
Information Requests	Response to call in one business day.

Task	Measure
<b>Skeleton support</b>	
The Skeleton Support SLAs apply only during skeleton support hours. The timings for responding/updating are documented within each issue level	
P1	Response to call in 60 minutes. Update to client every 2 hours between 09:00 – 17:00 UK time.
P2	Response to call in 240 minutes. Update to client every 4 hours from 09:00 – 17:00 UK time until Standard support restarts.
P3	No action
Change Request	No action
Information requests	No action
<b>Emergency support</b>	
The Emergency Support SLAs apply outside of both standard and skeleton support hours. The timings for responding/updating are documented within each issue level	
P1	Emergency number supplied. Response to call on emergency number within 120 minutes. Update to client every 4 hours between 09:00 – 17:00 UK time.
P2	No action
P3	No action
Change Request	No action
Information requests	No action
<b>Performance</b>	
Performance requirement for document processing	70,000 documents processed in 60 minutes
Performance requirement for eSM business matching	6,000 eSM matches in 60 minutes
Performance requirement for eSM application screen response	Screen will refresh in no more than 3 seconds
<b>Security of data</b>	
N/A – Addressed in the document “Central Matching Service Data Security Policy”	
<b>Service reporting – KPIs</b>	
The CMS application will be available as per the System Availability statement.	Service Availability measured on a calendar month basis as a percentage of available time Service Availability for any month will be published within one week of the month end
The CMS application meets the performance requirements as agreed in the Acceptance Measures and Criteria, e.g. 70,000 documents processed in 60 minutes 6,000 eSM matches in 60 minutes Screen will refresh in no more than 3 seconds	Performance measured on a calendar month basis: 95% of measured events meet or exceed the stated performance measure for that event Performance for any month will be published within one week of the month end

Task	Measure
The CMS team respond to logged issues as per the Issues statement.	Response time measured on a calendar month basis: 99% of all P1 issues meet or exceed the stated response measures 95% of all other issues meet or exceed the stated response measures for that issue level Response time for any month will be published within one week of the month end
The time take for the CMS team to resolve issues (issue fix time)	By issue severity, the time take to resolve an issue Issue fix time for any month will be published within one week of the month end
Number of incidents raised (by criticality)	The number of incidents raised in a given period and how they are distributed across the criticality levels

## Service Specific Terms and Conditions

### 1. Processing of Settlement Documents

The EFET eSM Standard, available from the EFET website ([www.efet.org](http://www.efet.org)), defines the eSM process in detail and explains each step in the calculation of a result and related state of settlement documents involved. Terms not defined herein or the GTC shall have the meaning ascribed to them in the EFET eSM Standard.

### 2. Settlement Document Submission

The Service accepts settlement documents and reference data required for the operation of the process submitted by Licensed User to the Service according to the technical capabilities of the CMS as offered by Equias.

The Service provides electronic interfaces for the automated submission of settlement documents.

The Service provide a manual interface for the upload of settlement documents.

The Service provides an interface for the manual data entry of settlement data as an alternative to the automatic upload interface and manual upload interfaces.

The Service provides an interface for the manual data entry of centrally stored reference data to be maintained by Licensed User and used in the eSM process.

The Service rejects documents at the technical communication level if they cannot be read by the Service.

The Service rejects documents at the business level, with an explicit rejection message response, if they can be read by the Service but are found to be invalid for processing by the Service.

### 3. Matching of Settlement Documents

Settlement documents issued by Licensed User are assigned to the Pending state upon successful submission to the Service. The Service presents settlement documents in the Pending state as 'Alleged' documents to the receiving party where the receiving party is a Licensed User of the Service.

The Service continuously scans Licensed User's Pending and Alleged settlement document queues looking for Pending documents submitted by Licensed User to match with Alleged documents submitted by Licensed User's counterparty using the mechanism defined in the EFET eSM Standard. When a candidate matching pair of settlement documents is found the two documents are retrieved from the Pending and Alleged queues respectively and submitted to the matching algorithm. Match processing as defined in the EFET eSM Standard results in either a Matched (including documents matched within a tolerance) or a Mismatched pair of documents. The Service returns the result of the match processing as a message to the senders of the two documents, updates the status of the two documents in the graphical user interface (GUI) and removes both the documents from match processing.

### 4. Investigation of Discrepancies in Settlement Documents

The service provides online tools and dashboards to support Licensed User in identification of issues and analysis of discrepancies both between documents that are in the Mismatched state and between documents that fail to form candidate matching pairs and remain unprocessed in Licensed Users Pending or Alleged queues as payment date approaches.

### 5. Amendment and Cancellation

The service amends a current settlement document when a higher version of the same settlement document is submitted to the service. The previous version of the settlement document is assigned to the Amended state and removed from match processing.

The Service cancels a current settlement document in the Pending state, if a cancellation document referencing the current settlement document is submitted to the service. The cancelled document is set to the Cancelled state and removed from match processing.

#### 6. Unmatched and Timed Out Documents

The Service removes documents from further processing if they are in the Pending or Mismatched states after the payment date contained in the document has passed. Pending are assigned to the Unmatched state. Both Unmatched and Mismatched documents are flagged as Timed Out after the payment date has passed so that they can be filtered out when Licensed User views the dashboards and other data views.

#### 7. Process Deadlines

The Service processes settlement documents as they are submitted. The Service rejects Settlement documents submitted after the payment date contained in the document.

#### 8. Document Matching Confidentiality

In the event that a Licensed User identifies that a settlement document has been matched incorrectly, the Licensed User agrees to restrict knowledge of the incorrect match to Equias and to immediately notify Equias in confidence providing details of the documents incorrectly matched. Once notice from the Licensed User is received by Equias, Equias and Licensed User mutually agree to work together to resolve errors according to the terms and timescales of the eSM Service Description.

#### 9. Interoperation with Third Party Implementations

The interoperation of separate implementations of the eSM process is governed by the EFET eSM Standard and the EFET Communication Standard (V1.0), available from the EFET website ([www.efet.org](http://www.efet.org)). The Service interoperates with Third Party Implementations (TPI) of the eSM process where TPI is a Licensed User of the eSM service (acting as a TPI in the "Broker" role in the Accession Agreement) and the TPI has been tested and been certified compliant by EFET, or by an independent third party acting on behalf of EFET and remains compliant with the EFET eSM Standard and EFET Communication Standard, , or in the absence of such certification services provided by EFET, is deemed compliant by Equias.

Licensed User, acting as TPI, shall, upon demand, keep Equias indemnified from and against all damages, losses, fines, costs, charges and expenses whatsoever and howsoever incurred or sustained by damages, losses, fines, costs, charges and expenses whatsoever and howsoever incurred or sustained by Equias caused by the Licenses User ("Claims") and claimed by a third party against Equias, arising from: (i)an error, mistake, omission, delay, rejected submission by the Licensed User; (ii)an error, mistake, omission, delay, rejected submission by the Licensed User on behalf of a third party (whether its client, another Licensed User or other legal entity); and/or(iii)an omission, delay or failure by the Licensed User to make or maintain contractual arrangements with a third party (whether its client, another Licensed User or other legal entity), as applicable, to enable Equias to perform the eSM by the Licensed User under the eSM.

#### 10. Acceptance of Electronic Settlement Matching

Individual settlement documents issued by Licensed User are governed by the terms of various master agreements and/or terms and conditions between such Licensed Users (each settlement document comprising and aggregating the cash flows for the relevant settlement

period for underlying trades, with each trade being a “Contract” and each master agreement and/or terms and conditions being a “Principal Agreement”).

In respect of each Contract, the Service allows Licensed Users to submit an electronic message setting out the details of the settlement amounts for the period individually and/or in aggregate for each such Contract for the purposes of agreeing periodic settlement amounts due under the referenced Contracts entered into between them.

Any settlement document with the status of “Matched” shall be deemed to constitute a valid, agreed and binding settlement amount under the Contract which has been agreed and accepted by both parties for the purposes of the relevant Principal Agreement and the Licensed Users agree to accept such settlement document accordingly. The provisions of any relevant Principal Agreement relating to “Settlements” (or similar terms used therein) shall be deemed amended or supplemented by this reference, to the extent necessary, to give effect to the acceptance by the parties of settlement documents processed by the Service as valid and binding settlements for the purposes thereof. All other provisions of the relevant Principal Agreement shall remain in full force and effect.

Each Licensed User shall, in its capacity as a party to a Contract in respect of which a settlement document has been Matched by the eSM service, be entitled to enforce this section against the other Licensed User who is a counterparty to that Contract.

#### 11. Priority

Priority This Appendix shall take precedence over the GTC, the Accession Agreement, the Schedules, the other Appendices and all other agreements between Equias and Licensed User, if any, but only in so far as those other Agreements, Schedules or Appendixes relate to the subject matter of this Appendix.

#### 12. Service Price Schedule

Refer to Schedule 1 Fee Schedule to the Equias General Terms and Conditions