



## **Pre-Qualification Document**

**PQD Ref. No.: FIN/15/BORT/LC/21**

**Back Office Reconciliation Tool**

**23/02/2022**

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## Introduction

The European Stability Mechanism (the “ESM”) is a permanent crisis resolution mechanism established by the euro area Member States as an intergovernmental organisation under public international law. Its purpose is to ensure the financial stability of the euro area as a whole, and of its Member States experiencing severe financing problems, by providing financial assistance through a number of instruments.

More background information about the ESM may be found on the website: <https://www.esm.europa.eu/>

**Neither Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 nor Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 (as amended) apply to the ESM. The ESM procures supplies, services and works on its own behalf and for its own account pursuant to the ESM Procurement Policy as published on the ESM website. Please refer to the ESM website for more information.**

This Pre-Qualification Document (the “PQD”) sets out the eligibility, exclusion and selection criteria, as part of a pre-qualification stage (“Stage 1”) of the two-stage procurement procedures of the ESM (i.e. Restricted Procedures and Negotiated Procedures), in order to assess the suitability of a Candidate to participate further in this procurement procedure. Candidates, which are successful at Stage 1 (pre-qualified Candidates) and, if applicable, chosen by the ESM among the eligible and suitable Candidates, will be invited to participate in the subsequent Request for Proposal stage of the procurement procedure (“Stage 2”).

For the purposes of this PQD, economic operators who wish to apply to this procurement procedure are referred to as “Candidate” or “Candidates” and their response is referred to as an “Application” or “Applications”.

Unless otherwise defined in this PQD, all capitalised terms used in this PQD have the meanings ascribed to them in the ESM Procurement Policy.

## 1. Contents of this PQD

The PQD consists of the following documents:

No.	Document Title	Comment
1.	Prequalification Document – Core Document	This document
2.	Annex 1 – Terms of Reference	Included as Annex 1 to this PQD
3.	Annex 2 – Eligibility, Exclusion & Selection Criteria including declarations, forms, questions and other response elements to be addressed	Included as Annex 2 to this PQD

## 2. Overview of the Procurement Requirement

The ESM intends to establish a contract (the “**Contract**”) for a Back Office Reconciliation Tool and associated Services.

The Framework Agreement to be awarded as a result of this procurement procedure will have a four (4) year term.

Further information can be found in Annex 1 to this PQD.

### 2.1. *Type of Procurement Procedure*

This procurement procedure is carried out by the ESM under a Negotiated Procedure in accordance with Article 9.1 (1) and (2) of the ESM Procurement Policy and is referred to in this PQD as a procurement procedure or a procurement process.

### 2.2. *Procurement Process Steps and Timelines*

The ESM plans to carry out the procurement process in accordance with the steps defined in the table below. The ESM reserves, at its sole discretion, the right to vary the steps and timelines.

No.	Procurement Process Steps	Timeline
1.	PQD publication date	23/02/2022
2.	Deadline for submission of clarifications/questions on the contract notice and the PQD	23/03/2022 11:00 hrs (local Luxembourg time)
3.	Response to the clarifications/questions on the contract notice and the PQD	Regularly
4.	Deadline for submission of Applications (the “Applications Deadline”)	31/03/2022 11:00 hrs (local Luxembourg time)
5.	Target date of notification of the ESM’s decision on pre-qualification to unsuccessful Candidates and dispatch of the RFP to the pre-qualified Candidates	14/04/2022

### 2.3. *The ESM “Sole Contact” Details*

Commercial Legal and Procurement  
European Stability Mechanism  
6a, Circuit de la Foire Internationale  
L-1347 Luxembourg  
Email: [procurement@esm.europa.eu](mailto:procurement@esm.europa.eu)  
Attention: **Shabnam Hussain**

Unless notified otherwise, the person indicated above shall be the Candidates’ single point of communication with the ESM for the duration of this procurement process.

The ESM shall not be bound by and the Candidates agree not to rely upon any written or verbal statements or representations of any other persons, whether employed by the ESM or not.

### 2.4. *Clarification Matters*

During the procurement procedure, Candidates are entitled to submit in writing questions to the ESM within the deadline above indicated. The ESM may provide additional information solely for the purpose of clarifying the procurement documents and taking into account the following aspects:

- a) Queries can be raised to the Sole Contact as identified in this PQD.
- b) Queries can be raised on any matter in the contract notice or this PQD, including the Annexes. However, the ESM reserves the right not to answer any particular query.
- c) The ESM will endeavour to respond to all queries and issue responses in a timely and professional manner. The ESM reserves the right not to answer any queries received after the deadline for submission of the queries.
- d) Subject to point e) below, responses to the queries will be uploaded on the ESM website if they are of relevance to all of Candidates.
- e) If the ESM receives a query from a Candidate which, in the sole discretion of the ESM, constitutes a query relevant to that Candidate only, the ESM will provide response to that Candidate only.
- f) Clarifications are to clarify the procurement documents. The ESM will not provide a qualitative judgment during the clarification period.

### 2.5. *Application Structure and Response Instructions*

When preparing Applications, Candidates should observe the following:

- All documents must be submitted in English.
- Note limitations on any page/word limits specified. Any response exceeding the specified limits may be disregarded beyond that limit.
- Answers should be as concise as possible, complete and comprehensive.
- The ESM does not wish to receive any marketing or other promotional materials.
- Responses to the eligibility, exclusion and/or selection criteria will be evaluated independently and cross-references between response elements are not permitted.
- The Candidate should clearly identify in the Application any requirements specified in this PQD that the Candidate cannot satisfy.

Application Structure			
#	Section	Template and instructions	Document format
1.	Cover Certification Form	Candidates are requested to provide a cover certification form dated and duly signed by an authorised representative on the Candidate' s company letterhead (no. 3.1 of Annex 3)	Fully scanned copy with signature in PDF
2.	Declarations	Candidates are requested to submit completed, dated and duly signed declarations (nos. 1.1 and 1.2 of Annex 2)	Fully scanned copy with signature in PDF
3.	General Response	Candidates are requested to respond to the questions posed in this PQD as instructed (see Annex 2 Section 2. Selection Criteria)	PDF
4.	Attachments	Candidates are requested to include any attachments, as requested in Annex 2 section 2.3	PDF

Forms to fill in	Candidate (including Consortium Lead)	Consortium members	Key Subcontractors
Declaration on Eligibility Annex 2 1.1	To be completed	To be completed	N/A
Declaration of Non-Collusion Annex 2 1.2	To be completed	To be completed	N/A
Cover Certification form Annex 3 3.1	To be completed	N/A	N/A
Consortium declaration Annex 3 3.2	To be completed	To be completed	N/A
Subcontractor commitment letter Annex 3 3.3	N/A	N/A	To be completed

## 2.6. *Coordinates and Guidelines for Submission of Applications*

Applications shall be submitted no later than the Applications Deadline specified at point #2.2 of the Procurement Process Steps and Timeline table and must be submitted only via e- mail to the Sole Contact listed in section 3.3:

Only Applications received through these means will be accepted.

All digital copies of Applications shall be submitted in compliance with the following guidelines:

- a) One file per section as described above in the "Application Structure" table.
- b) Any supporting or additional files must be clearly named.
- c) All files should be named clearly with a sequential number and a relevant file name, e.g.
  - "Annex 2: 1.1 – Declaration on the eligibility, exclusion criteria, economic, financial and operational capacity and the absence of conflict of interest"
  - "Annex 2: 1.2 – Non-Collusion Declaration"
  - "Annex 3: 3.1 – Cover Certification Form"
- d) All files must be provided in a standard non-editable format, such as PDF.

## 2.7. *Eligibility, Exclusion and Selection Criteria*

In order to be eligible to participate in this procurement process, Candidates must be either natural persons or legal persons and state that they are not in one of the exclusion situations listed in the declarations nos. 1.1 and 1.2 included in Annex 2.

If such circumstances arise in the course of the procurement process, the Candidate concerned must inform the ESM thereof without undue delay. Candidates may submit evidence to demonstrate their eligibility despite the existence of grounds for exclusion. The ESM may, in its sole discretion, decide whether such evidence is satisfactory.

Candidates must comply with all eligibility and exclusion criteria to be assessed further.

<b>ELIGIBILITY AND EXCLUSION CRITERIA – elements of the evaluation</b>	
Duly executed declarations as requested in Annex 2 nos. 1.1 and 1.2.  * If responding as part of a Consortium, each member of the Consortium must sign these Annexes.	Pass / Fail

In order to assess a Candidate's capacity to perform the FA the ESM will apply the following selection criteria (full information can be found in **Annex 2 Section 2. Selection Criteria**).

In the event that the Candidate submits an Application together with a third party/-ies and/or with sub-contractor(s), the combined capacities of the Candidate and all such third party/-ies and/or subcontractor(s) will be assessed for the purpose of meeting the selection criteria.

<b>SELECTION CRITERIA – elements of the evaluation</b>	
Economic and financial standing	Pass / Fail
Technical, Functional and/or professional ability to meet the Mandatory Requirements under Annex 1	Pass / Fail
Authorisation and suitability to carry out the relevant professional activity	Pass / Fail

Candidates must achieve a rating of "Pass" for all the "Pass / Fail" criteria to be considered successful at Stage 1 (pre-qualified Candidates).

### 3. Terms and Conditions of this PQD

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#### 3.1. *Rights of the ESM*

By submitting an Application, the Candidates confirm that they have taken note and accepted all terms and conditions of this PQD.

The ESM reserves the right, at its sole discretion and in exceptional circumstances, to accept the Applications received after the closing deadline.

After the ESM opens the Applications, it may request Candidates to submit, supplement, clarify or complete information or documentation which is or appears missing, incomplete, inconsistent or erroneous within an appropriate time limit. The ESM reserves the right to reject from further consideration any such Applications.

The ESM reserves the right to request that Candidates provide documentary evidence in support of the statements made in their Applications.

Any effort by the Candidate to influence the ESM in the process of examination, evaluation and comparison of Applications, or in the decision regarding the pre-qualification process may result in the rejection of the Application.

The ESM may decide, at its sole discretion while complying with the general principles set forth in the ESM Procurement Policy, to cancel this procurement process in whole or in part at any time before the Framework Agreement is awarded as a result of this procurement process. The cancellation does not give rise to any form of compensation for Candidates.

The ESM will ensure that the information provided by Candidates is treated and stored in accordance with the principles of confidentiality and integrity.

The ESM reserves the right to disclose the contents of Applications to its third party advisors (if applicable) who are bound by the same confidentiality and integrity obligations as the ESM.

If the ESM discovers, before the expiry of the deadline for submissions of Applications, a lack of precision, an omission or any other type of error in this PQD, it will rectify the error and inform all Candidates in writing.

#### 3.2. *Cost of Participating in the Procurement Process*

All costs relating to the participation in this procurement process, including in particular any costs in relation to the preparation of Applications and of any other documents requested by the ESM and any subsequent follow-up shall be borne exclusively by the Candidate.

#### 3.3. *Trade Name, Logo and Marks*

The ESM logo, covers, page headers, custom graphics, icons, and other design elements and words or symbols used to identify the description of the procurement requirement are either trademarks, trade names or service marks of the ESM and its licensors, or are the property of their respective owners. These marks may not be copied, imitated or used, in whole or in part, without the explicit prior written consent of the ESM.



### 3.4. Confidentiality

If the Candidate considers that any part of its Application or other documents/information submitted to the ESM include Confidential Information within the meaning of this section the Candidate must clearly mark such parts of the Application or other documents/information as 'confidential'.

Candidates are advised that their participation in this procurement process constitutes Confidential Information except for the announcement by the ESM of the successful Candidate on the ESM website in accordance with Article 9.17 (3) of the Procurement Policy.

Except if required in a judicial or administrative proceeding, or if it is otherwise required to be disclosed by any law or regulation, or where information is already in the public domain, the ESM will: (a) not disclose the Confidential Information; (b) take all reasonable measures to preserve the confidentiality and avoid disclosure, dissemination or unauthorised use of Confidential Information; and (c) not use such Confidential Information for any purpose other than as is necessary in connection with this procurement process. Confidential Information does not include information which (a) was known to the ESM prior to receiving the information from the Candidate; (b) becomes rightfully known to the ESM from a third-party source not known to the ESM (after diligent inquiry) to be under an obligation to the Candidate to maintain confidentiality; (c) is or becomes publicly available through no fault of or failure to act by ESM; or (d) has been developed independently by the ESM or authorised to be disclosed by the Candidate. Confidential Information may only be shared with third parties (e.g. contractors) that have a need to know the Confidential Information in relation to this procurement process and provided that such third parties comply with the confidentiality obligations provided in this section.

In addition, if the Candidate has signed an ESM confidentiality undertaking the Candidate agrees to comply with all obligations set forth in such confidentiality undertaking. If there is a conflict between such confidentiality undertaking and this procurement procedure, the confidentiality undertaking will prevail.

### 3.5. Involvement of/Reliance on Third Parties

If the Candidate intends to involve a third party in the supply of the services offered to the ESM the Candidate has to ensure that any such third party is bound by the requirements set forth in this PQD.

#### Consortia

In case of a group of economic operators responding together to this procurement procedure ("**Consortium**"), Candidate means the Consortium and the Application must provide the following:

- a. a clear description of the proposed Consortium, its organisational hierarchy and structure, the names of all Consortium members and the roles, activities and responsibilities of the Consortium leader and each Consortium member;
- b. information on whether the Consortium will form a legal entity and if yes, details of the actual or proposed percentage shareholding within such legal entity and other official documents confirming existence of such legal entity. If not, full details of the proposed Consortium arrangement including submission of an executed Consortium agreement.
- c. Signed declarations available in Annex 2 1.1 (Declaration on eligibility) and 1.2 (Non-collusion declaration) and Annex 3 3.2 (Consortium declaration) from all Consortium members.

If the Contract is awarded to a Consortium, all Consortium members will be jointly and severally liable towards the ESM for all obligations arising of or resulting from the Contract.

If a Candidate considers any changes in the Consortium structure it must immediately notify the ESM in writing. The composition of a Consortium (including the roles, activities and responsibilities of the Consortium leader and each Consortium member) cannot be modified or members of the Consortium cannot be exchanged, whether during the course of this procurement process or during the term of the Contract, without the prior written consent of the ESM.

#### Subcontractors

If subcontractors will play a significant role in delivering the services offered to the ESM (“**Key Subcontractor**”), the Candidate must provide as part of its Application:

- a. a clear description of the proposed subcontracting arrangement, in particular which tasks the Candidate intends to subcontract and their volume or proportion, the name(s) of the proposed Key Subcontractor(s) and its/their roles, activities and responsibilities; and
- b. a document signed by any Key Subcontractor stating its intention to collaborate with the Candidate should the Candidate be awarded a Contract. The template available in Annex 3 3.3 (Subcontractor Commitment Letter) shall be used for this purpose.

If a Candidate subcontracts some of the services under the Contract to subcontractors, it will nevertheless remain fully liable towards the ESM for the performance of such services and responsible for the Contract as a whole. The ESM will have no direct legal commitments with the subcontractor(s).

Any changes to the proposed Key Subcontractors must be notified immediately to the ESM. Candidates cannot exchange or replace the Key Subcontractors or modify the nature of the subcontracting arrangement (including the subcontracted tasks, their volume or proportion), whether during the course of this procurement procedure or during the term of the Contract, without the prior written consent of the ESM.

Moreover, any additional Key Subcontractor(s), which was/were not assessed by the ESM during this procurement procedure, may only be appointed if the ESM’s has given its prior written consent.

### **3.6. *Transfer of Undertakings***

The Candidates acknowledge and accept the possibility that if they are awarded the Contract, the Contract may in some cases trigger the application of the relevant provisions of Luxembourg law or of a collective labour agreement regarding transfers of undertakings, in particular, but not limited to, Articles L.127- 1 to L.127-6 of the Luxembourg Labour Code as amended from time to time (collectively the “**Regulations**”). Consequently, the Candidates acknowledge and accept the possibility that if they are awarded a Contract the staff employed by the existing service provider performing the services to the ESM (the “**Employees**”) may, if necessary, be taken over and/or transferred automatically, by the virtue of the Regulations.

The Candidates are therefore invited, if deemed appropriate and if not already included in the procurement documents, to request the ESM to provide any necessary information regarding the Employees. The ESM reserves the right to answer questions at a later stage of the procurement procedure if deemed appropriate in the ESM’s sole discretion.

Should the Regulations be applicable, the existing service provider and the successful Candidate will fully comply with all of their obligations under the Regulations and will take all necessary steps to facilitate the takeover and/or transfer of the Employees. Any discussions regarding potential takeover and/or transfer of the Employees will be directly between the existing service provider and the successful Candidate. All the costs incurred by the successful Candidate in relation to the application of the Regulations will be borne solely by such Candidate and will not give rise to any financial

compensation from the ESM and will not affect in any way the financial proposal submitted by the successful Candidate.

### **3.7.      *Notification of the ESM's decision***

The ESM will notify in writing its decision to advance or not advance the Candidate's Applications. The Candidates whose Applications did not advance can request, in accordance with the ESM Procurement Policy and timelines set within and in the ESM notification, a de-brief addressing the reasons for not advancing their Application. The de-brief will be limited to the reasons related to the unsuccessful Candidate's Application and will not cover any information about other Candidates' Applications.

## Annex 1: Terms of Reference

### 1. Background and Overview of Requirements

The ESM is focused on meeting best practices in financial operations. Accordingly, the ESM requires a suitable, readily available, off-the-shelf reconciliation software tool that supports various business cases (“**Reconciliation Software**” or “**Software**”):

- Cash account reconciliation
- Security account reconciliation
- Cash-flow reconciliation
- General report reconciliation
- Trade reconciliation

The ESM is assuming that the Reconciliation Software will be a Cloud / SaaS based solution. Candidates need to make it clear to the ESM if this is not the case.

In addition, the ESM will require the selected Candidate (“**Service Provider**”) to provide related implementation services, training and on-going technical support and maintenance services.

The ESM’s official working language is English. The Reconciliation Software, including any related documentation and training materials, must be provided in English. All administrative matters with the selected Service Provider (contract, invoicing, account management etc.) will be dealt with in English.

The ESM intends to conclude a contract (“**contract**”) with a single provider (“**Service Provider**”).

### 2. Duration

The Contract for the Reconciliation Software will be for a period of four (4) years with the possibility of extending for up to 4 years at the end of the initial 4 year term. The implementation start date is envisaged to take place in the first month following contract signature in 2022.

### 3. Functional Scope

The objective of this procurement procedure is to identify a Service Provider able to provide Reconciliation Software containing the following **mandatory** functionality:

Generic Requirements	
GR_01	Connect via SFTP and transfer reports from ESM’s systems to the tool for reconciliation purposes.
GR_02	Support SWIFT messages as input (1 swift with many pages) in both the ISO 15022 and ISO 20022 standards
GR_03	Support flat file format (XLSX, txt, csv, xml)
GR_04	Automatic break reporting (when there is a mismatch in the reconciliation)
GR_05	Allow the Back Office officer to further document or amend the incident
GR_06	Monitoring breaks and break reconciliation
GR_07	Rule-based alerts (user configuration)
GR_08	Allow re-run of reconciliation for a particular date (including past date)
GR_09	Allow 4-eyes validation or similar functionalities
GR_10	Create output extractions
GR_11	Allow archived Repository

GR_12	Allow automated notification e.g. like an e-mail when there is a break/incident
GR_13	Generate reports
GR_14	Provide a clear access/user management (read-only, approver, etc.)
GR_15	Produce flat files to be used in other reporting tools
GR_16	Have a Reconciliation comment field where the ESM inserts comments and keep these

<b>Cash account reconciliation (CAR) – daily</b>	
CAR_01	Match flows on the accounts by different criteria, for example: account, date, amount, currency, direction, nature of the payments and net amounts between different payments
<b>Security reconciliation (SR) – daily</b>	
SR_01	Match positions by different criteria, for example: ISIN, account, notional, currency, direction, projection multiple dates
<b>Instruction reconciliation (IR) – daily</b>	
IR_01	Match instructions by different criteria, for example: account, value date(s), settlement date, amount, currency, ISIN, direction, product type, counterparty, external reference ID.
IR_02	Identify the status of the different instructions (global status and workflow status)
IR_03	Allow the ESM to monitor each break and to report the status of the instruction (e.g. with RAG: Red-Amber-Green)
<b>Collateral reconciliation (COR) – daily</b>	
COR_01	Match orders by different criteria, for example: account, trade date, collateral available quantity, counterparty, trade number, global ID, currency, nominal, direction, received posted indicator.
COR_02	Match collateral by different criteria, for example: ISIN, account, statement date, nominal
COR_03	Reconcile security collateral (csv clearer file and Murex input)
COR_04	Reconcile end of day collateral status
COR_05	Match monthly interest collateral accruals by different criteria, for example: account, counterparty, direction, currency, amount, settlement date
COR_06	Allow the ESM to monitor each break and to report the status of the payment (e.g. with RAG: Red-Amber-Green)
<b>OTC Derivatives cash-flow reconciliation (DR) – daily</b>	
DR_01	Match orders by different criteria, for example: transaction ID, flow type, start date, end date, payment date, currency, rate, notional, flow amount.
<b>Futures reconciliations (FR) – daily</b>	
FR_01	Match trades and positions by different criteria, for example: account, instrument, maturity, quantity, price, fees
FR_02	Allow triangle reconciliation of variation margin and fees
<b>Claims reconciliation (CLR) – daily</b>	
CLR_01	Allow the ESM to monitor each break and to report the status of the payment (e.g. with RAG: Red-Amber-Green)
CLR_02	Identify credited amount received by SWIFT and update status with credit date
<b>Interest Accruals Reconciliation (IAR) – monthly</b>	
IAR_01	Reconcile end of month accruals from input file from Murex
IAR_02	Match accruals by different criteria, for example: central bank cash account, date range, nominal, period rate, daily accrual, accrual sum, currency

IAR_03	Identify debited amount received by SWIFT and update status with debit date
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**NOTE:** In addition to the requirements above, Candidates should also identify in their PQD responses what information the ESM needs to provide in order to enable a Candidate to provide a proposed pricing model for Stage 2 – RfP of this procurement procedure.

### ***Financial IT Requirements (optional)***

<b>Data input</b>	
DI_01	Query ReST API / JSON
DI_02	OpenID authentication
DI_03	Input formats CSV, SpreadsheetML, JSON, XLS, XLSX, Excel reports break-down horizontal and vertical
DI_04	Input files content can be pre-processed with the Reconciliation Software before reconciling– e.g. SQL queries
DI_05	Provide automatic conversion from tree format to table format
DI_06	Support Dynamic path and dynamic date stamps
DI_08	Support Swift standard package
<b>Reconciliation processing</b>	
RP_01	Support multi-task reconciliation
RP_02	Support 3+ sources reconciliation
RP_03	Provide a validation workflow: <ul style="list-style-type: none"> <li>• task for mismatches</li> <li>• including comment function</li> </ul>
RP_04	Provide a calendar function to compare same files from different business days (e.g. TARGET calendar)
RP_05	Allow customization of reconciliation algorithms
RP_06	Allow customisable tolerance levels to define mismatches
RP_07	Allow reconciliation rules parametrisation at the hand of the final user
RP_08	Provide a workflow to validate new or updated reconciliation rules
RP_09	Provide the ability to put new or updated reconciliation rules into production without needing a new release of the tool
RP_10	Provide the ability to automatically export a description of the reconciliation rules at any time
RP_11	Provide a batch mode/a scheduler
RP_12	Provide a functionality to ignore certain mismatches
RP_13	Provide root-cause management and a resolution process for mismatches
<b>Output</b>	
OP_01	Output can be stored into a database
OP_02	Provide a Web page/front-end GUI
OP_03	Provide alerts via email
OP_04	Provide different output formats to export results
<b>Security</b>	
SEC_01	Allow for user rights configuration
SEC_02	Support AD(FS) integration
SEC_03	Provide an audit trail

The Service Provider should be able to provide Reconciliation Software containing the following **optional** functionality:

Other Optional Requirements	
OR_01	Support pdf as input
OR_02	Generate statistics and KPIs
OR_03	Prevent other users to run the tool when there is already a reconciliation run ongoing.
OR_05	Extraction of the reconciliation rules with tracking changes
OR_06	Support Email as an input
OR_07	Linkage between claims and cash reconciliation, so that when a settlement failure occurs, the tool generates an inputs it in the claims reconciliation (to be updated until the settlement failure remains)
OR_08	Provide alerts via Microsoft Teams
OR_09	Be an integrated solution with a consistent look
OR_10	Provide remote access options (e.g. home office)
OR_11	Provide print/export options;
OR_12	Support Single Sign-On through ADFS.

The Reconciliation Software must be, at all times, in accordance with the current state of technology and must be updated, upgraded, enhanced and supplemented as required to ensure that it conforms at all times to best industry practices.

The Reconciliation Software must be user friendly, from both an infrequent user (“**General User(s)**” and “**Contributor(s)**”) and an expert/main user’s (“**Main User(s)**”) perspectives. The ergonomics, screen design and navigation of user interface must be intuitive.

#### 4. Users

The ESM requires different access rights:

1. Business user: A business user has full access to the functionalities of the software and can perform basic configurations of reconciliation rules
2. Configuration user: Has full access to any kind of configurations that can be performed for the software
3. View-only user: A user that cannot run or change reconciliations but can view recon statuses and reports

#### 5. Description of services

The Service Provider will be required to perform the following tasks:

- Implement and integrate (no migration of legacy data) the Reconciliation Software in a well-planned and coordinated manner in accordance with a deployment plan agreed in advance with ESM. ESM has a preference of Software that can be implemented and operational in a short time period;
- Provide technical and functional support services;
- Ensure appropriate test and production environments, and related functionalities to support the implementation and future configuration/development of the Reconciliation Software;
- The Contract will include binding Service Level Agreements (“SLAs”), which may include service credits and other performance management arrangements addressing contractual performance levels. Further detail is provided in Section 9 of this Terms of Reference;

- Provide training on how to use the Software;
- Regularly maintain the Software throughout the entire term of the Contract, including, but not limited to:
  - all components subject to maintenance services;
  - security patches, including those required to maintain the Software in-line with operating system upgrades to ensure its continued seamless integration into our environment;
  - updates/upgrades and enhancements;
  - reporting updates to the ESM;
  - security safeguards;
  - functional enhancements etc. (if applicable).
- Customise the Software on the basis of specific needs (e.g. customised report development);
- 

## 6. Security standards

The Service Provider will provide all services, using security technologies and techniques in accordance with best industry practices as defined below and the ESM's security policies, procedures, and requirements, including those relating to the prevention and detection of fraud and any other inappropriate use or access of systems and networks. **"Best Industry Practices"** mean the exercise of the degree of professionalism, skill, diligence, prudence and foresight which is expected from a highly skilled and highly experienced service provider (which is a leader in the field of providing equivalent services to the Software) engaged in the same type of activity under the same or similar circumstances.

The Service Provider will, in particular, establish and maintain safeguards against unauthorised access to, or the destruction, loss or alteration of, ESM data in the Service Provider's possession or control that are no less rigorous than the most stringent of the following safeguards:

- (i) the Best Industry Practices
- (ii) the Minimum Security Requirements as defined below; and
- (iii) the safeguards maintained by the Service Provider for the Service Provider's own data of a similar nature.

The Service Provider will further ensure that the Service Provider personnel do not attempt to access or allow access to, ESM data to which they are not entitled or that is not required for the performance of the services by the Service Provider personnel under the awarded contract.

### Minimum Security Requirements

The Service Provider will, at all times, implement and maintain at least those security requirements which are (i) necessary to ensure that the Reconciliation Software is provided without interruptions and in accordance with the Service Level Agreements ("SLAs") which are part of the awarded Contract (ii) necessary to ensure that there is no IT security or data incident, and (iii) in line with the best industry practices (together the **"Minimum Security Requirements"**). The Service Provider must comply with at least one of the following certifications: SOC 1, SOC 2, SOC 3, ISO 27001:2013, SSAE 16, ISAE 3402 or equivalent.



## 7. Account management

The Service Provider will appoint an account manager to be responsible for the provider's activities (the "**Project Manager**") and an alternate in the event the Project Manager is unavailable. The Project manager will have **experience in managing similar assignments**.

In addition, the Project Manager should be supported by named Subject Matter Experts, all with the relevant expertise and experience to deliver in accordance with the agreed Contract.

The Service Provider will carry out its own quality assessments on any and all deliverables and/or services provided and will ensure formalised internal quality assurance sign-off prior to any delivery to the ESM.

## 8. Transition Period

After the expiry or termination of the Contract, irrespective of its cause and as requested by ESM in its sole discretion, the Service Provider will continue to perform all its obligations set out in the Contract according to the fees specified in the Contract until full and successful migration to the ESM or another Service Provider of all services, data, processes and anything else affected by the expiry or termination of the Contract. The completion of the full and successful migration will be determined by the ESM in its sole discretion and the ESM will inform the Service Provider once no services are required to be provided by the Service Provider anymore.

The Service Provider will support the ESM and provide all necessary information and assistance in order to secure a successful migration to the ESM or the new service provider, including, but not limited to, the following, as requested by the ESM in its sole discretion: (a) provide consulting services related to the termination and migration; (b) support the transfer and migration to the ESM or the new service provider; (c) provide any information relevant for the performance of the expired/terminated services; (d) train the ESM and/or the new service provider's personnel; (e) transfer the ESM's data to the ESM or the new service provider; (f) grant the ESM or the new service provider access to all documents and any other materials produced by the Service Provider in connection with delivering services to the ESM.

Three (3) months prior to the expiry of the Contract or as soon as a notice to terminate the Contract has been served, each party will designate a contact person responsible for the termination and migration process. The parties will then agree on the technical steps which are necessary for the successful transfer and migration to ESM or another service provider of all services, data, processes and anything else affected by the expiry or termination of the Contract.

## 9. SLA requirements

The proposed Software must be supported with a binding SLA for ongoing maintenance and technical support for the entire Contract term (including extensions, if any). The offered SLA must be, at a

minimum, the manufacturer's standard SLA offered to other clients and must include at least the following elements outlined below (including the service credits specified).

- 97% Uptime Availability of the Software within the ESM working hours (excluding agreed maintenance windows) and corresponding service credits and/or other performance incentives. If the availability of the Software drops below the agreed availability level consistently over an agreed period of time, the ESM may in addition to other remedies foreseen in the Contract terminate the Contract on notice in writing to the Service Provider.
- The proposed Software must be available and fully functional 24 hours a day, 7 days a week, unless otherwise agreed, excluding scheduled maintenance windows which can only occur on specific days to be agreed in advance with ESM.
- Technical support availability on request, directly from the Service Provider or its partners.
- Incidents management with categorisation of incidents by severity, impact on operations (with short explanation what it means in practical terms), response times and resolution times.
- A suitable method of measurement (i.e. tracking issue system) ensuring an audit trail on each call or email received from the ESM.

Upon ESM's request, monthly reports in a format agreed with the ESM will need to be provided on the availability of the Software, requests received and incidents raised and resolved. The SLA will form an integral part of the Contract. All SLA's will be subject to agreement at contract stage and will be finalised upon further negotiation.

## **Annex 2**

### **ELIGIBILITY AND EXCLUSION CRITERIA, SELECTION CRITERIA AND OTHER REQUIRED INFORMATION AND DOCUMENTS**

#### **1. Eligibility and Exclusion Criteria**

*1.1. Declaration on eligibility*

*1.2. Non-Collusion Declaration*

*Note: See the separate document with the above declarations*

## 2. Selection Criteria

As part of their Application, Candidates are requested to address each item/question below and supply the requested evidence in the correspondingly named and numbered way.

The selection criteria apply to the Candidate as a whole, i.e. a consolidated assessment of the combined capacities of all involved entities will be carried out.

**Please note that for the purpose of the evaluation of the Applications, the ESM will assess the responses provided to the items set out below in this Section 2.**

### 2.1. *Economic and financial standing*

Candidates must comply with the following selection criteria in order to prove that they have the necessary economic and financial capacity to perform the Contract.

Item Number	Selection Criteria	Requirements	Evidence
1)	The candidate must prove sufficient past turnover and profitability.	Minimum of €800,000 turnover per annum over the last three financial years.	Copies of audited summary annual accounts for each of the last three (completed) financial years generated from the provision of services similar to the requirements and services set out in Annex 1 to this PQD.
2)	The Candidate must have a current Dun & Bradstreet risk indicator of 1 or 2 ("D&B Requirement").	The ESM will request a report for the Candidate from Dun & Bradstreet. The ESM will cover the cost of the report produced by Dun & Bradstreet.	No evidence is requested from the Candidate.

## 2.2. *Technical or professional ability*

Candidates must comply with the following selection criteria in order to prove that they have the necessary technical or professional ability to perform the Contract.

Item Number	Selection Criteria	Requirements	Evidence
1)	The candidate must prove experience in the field of the deployment of their Back Office Reconciliation Tool & support services across a range of existing clients (to include both public & private sector).	At least five years of relevant experience in the provision of services similar to the services set out in Annex 1 to this PQD.  At least three similar (in scope and complexity) projects completed in the last three years preceding the submission.	A signed self-attestation from the candidate confirming the ability to fulfil the requirements set out under this item. No specific template requested by the ESM.  Reference contact details for three other clients. And include case studies This should include one organisation similar in nature to the ESM.
2)	The candidate must be able to provide an experienced Team of a Project Manager and suitable subject matter experts/consultants.	Team experience will be assessed at a consolidated level.	A signed self-attestation from the candidate confirming the ability to fulfil the requirements set out under this item. No specific template requested by ESM.  Detailed CVs of the Project Manager and the Subject Matter Expert Team members proposed.
3)	The Candidate must confirm their ability to deliver mandatory service elements as described in Terms of Reference.	Confirm the ability to deliver mandatory elements of reconciliation functionality requested by the ESM in the Terms of Reference, as set out in Annex 1 to this PQD.	Candidate's written confirmation.  If the Service Provider cannot meet any of the requirements identified as '[Mandatory]' in the Terms of Reference, they must clearly state which mandatory requirement(s) they cannot meet and if they can provide an alternative solution. Otherwise the requirement is considered as not met (failed).

### 2.3. *Authorisation and suitability to carry out the relevant professional activity*

Candidates must comply with the following selection criteria in order to prove that they have the necessary authorisation and suitability to perform the Contract.

Item Number	Selection Criteria	Evidence
1)	The candidate must prove that they have legal capacity to perform the Contract and the regulatory capacity to pursue the professional activity necessary to carry out the services subject to this procurement process.	Certificate of incorporation from the country of registration.

### **Annex 3: Other Required Information and Documents**

*3.1. Cover certification form*

*3.2. Consortium declaration*

*3.3. Subcontractor commitment letter*

*Note: See the separate document with the above declarations*