

## Questions & Answers 1– PQD

### Back Office Reconciliation Tool - FIN/15/BORT/LC/21

<b>Question n°1</b>	If ESM can also provide any additional information regarding the business case and why ESM has decided to come to the market for a solution, we would welcome the opportunity to explore further.
Answer n°1	Example: Micro service set of numbers to be reconciled against other micro service or against other Murex reports. Back Office: At the moment we are performing reconciliations with Excel based tools and we need a more robust, updated, and efficient tool to minimize any type of risk related to our activity.
<b>Question n°2</b>	How many data feeds need to be generated from the Reconciliation system? <b>The data feed(s) is the number of files to be generated from the reconciliation system to any downstream system (ex: ESM Reporting System, Data Warehouse, etc.).</b> This is required for commercials for the later stage (ref. No. GR_10, GR_15)
Answer n°2	Between 5 and 20, not all daily, some monthly.
<b>Question n°3</b>	Allow archived Repository - ->We presume this refers to archiving the historical data and the same should be accessible to the user. Please confirm if the stated is correct. (ref. No. GR_11)
Answer n°3	Confirmed
<b>Question n°4</b>	Kindly provide the list of reports that are to be available from the Reconciliation system. This is required for commercials for the later stage (ref. No. GR_13)
Answer n°4	The ESM will not provide a list of all reports in scope. If the pricing depends on the number of reports, provide different scenarios (10,20,40 for example)
<b>Question n°5</b>	Identify the status of the different instructions (global status and workflow status) - ->Please elaborate more on this requirement. (ref. No. IR_02)
Answer n°5	<b>IR_02:</b> The tool needs to reconcile T+1 and T+2 (for JPY and AUD) instructions between Murex, Euroclear's EasyWay and BO's provider's report (OTC cash flows), making sure that the instruction's type (CC, PF, WT), account, ISIN, value date, settlement date, amount, currency, product type, counterparty, external reference ID match or not. Additionally, it needs to check the instructions' global status: Valid, Booked, Pending.
<b>Question n°6</b>	Identify credited amount received by SWIFT and update status with credit date - ->Please provide more details for this requirement. (ref. No. CLR_02)
Answer n°6	<b>CLR_02:</b> The tool needs to identify that money related to a claim payment has been received (coming from an MT940 Swift type) and update the break's status under the claim reconciliation management.

<b>Question n°7</b>	Identify debited amount received by SWIFT and update status with debit date - ->Please provide more details for this requirement. (ref. No. IAR_03)
Answer n°7	<a href="#">IAR_03</a> : The tool needs to identify that money related to a monthly interest accrual payment has been debited (coming either from an MT940 or MT950 Swift type) and update the break's status under the EOD Reconciliation management.
<b>Question n°8</b>	Provide automatic conversion from tree format to table format - -> Please provide more details of the tree format, along with an e.g. for better understanding. (ref. No. DI_05)
Answer n°8	<a href="#">Transformation from XML to CSV</a>
<b>Question n°9</b>	Provide a calendar function to compare same files from different business days (e.g., TARGET calendar) - -> Please elaborate with more details on this requirement, along with which recon type for this is applicable. (ref. No. RP_04)
Answer n°9	Please see answer n°39. Additionally, <a href="#">RP_04</a> : The tool should be able to include a calendar so that it identifies specific holiday dates. Additionally, if the tool can include multiple calendars or if BO can at least justify the break manually writing that it is calendar-based that would be nice to have. Example: Monitoring of instructions T+1, T+2. The tool has to know that a payment cannot be executed on holidays or weekends and flag this. That means that the wrong data is immediately identified.
<b>Question n°10</b>	Provide a batch mode/a scheduler - -> Is there an existing scheduler system which can be used for scheduling batches for the new reconciliation system? (ref. No. RP_11)
Answer n°10	<a href="#">ESM does not use any scheduler so far.</a>
<b>Question n°11</b>	Support AD(FS) integration - -> please confirm which is the AD system to be integrated with the reconciliation system (ref. No. SEC_02)
Answer n°11	<a href="#">Azure AD</a>
<b>Question n°12</b>	Linkage between claims and cash reconciliation, so that when a settlement failure occurs, the tool generates an input it in the claims reconciliation (to be updated until the settlement failure remains) - -> Does this mean for every break in cash reconciliation, an entry is to be created for claim reconciliation (based on certain criteria)? Please confirm if this is correct. (ref. No. OR_07)
Answer n°12	<a href="#">OR_07</a> : The tool should create an identification under the claims reconciliation, anytime a break in the cash reconciliation is justified as a claim amount/settlement failure type. The justification is a manual user action. This identified break in the cash reconciliation should remain to be updated until it is closed, always impacting the claims reconciliation.
<b>Question n°13</b>	Reconcile security collateral (csv clearer file and Murex input) - -> Does this requirement refer to matching of balances marked as collateral from the position statement? Is the additional matching criteria provided in requirement COR_02? (ref. No. COR_03)
Answer n°13	<a href="#">Does this requirement refer to matching of balances marked as collateral from the position statement? Yes</a> <a href="#">Is the additional matching criteria provided in requirement COR_02? Yes</a>

<b>Question n°14</b>	Reconcile end of day collateral status - ->We assume security reconciliation will be a day end activity. The matching criteria & the balance to be considered from the statement is provided in COR_02 & COR_03. Please confirm if our understanding is correct or is there something additionally required. (ref. No. COR_04)
<b>Answer n°14</b>	It is a day end activity which is reconciled in the next day's morning.
<b>Question n°15</b>	Allow triangle reconciliation of variation margin and fees - -> Please elaborate on this requirement, and which systems it involves. (ref. No. FR_02)
<b>Answer n°15</b>	The reconciliation will come from our clearer's daily statement (pdf) and Murex. Currently, our BO provider also sends an email confirming the payment amount, sending a report (Excel) with what has been booked. BO also monitors that the payment instructions put in place in Euroclear's EasyWay by our BO provider are correct.
<b>Question n°16</b>	In the section 'II.2.10), II.2.11)' it is mentioned that Variants and Options will not be accepted. Please elaborate. (ref. No. II.2.10, II.2.11)
<b>Answer n°16</b>	Technical solutions should be elaborated based on the terms of reference requirements and the instructions provided in the tender documents. Options and Variants proposed which will significantly depart from the terms of reference requirements will not be accepted.
<b>Question n°17</b>	Please advise on ESM's cloud / SaaS model private or public. Also please advise if ESM has any preferred public SaaS partner. Please advise if there would be any data residency regulations to be complied with for the project scope
<b>Answer n°17</b>	Public cloud (ideally Azure) or private cloud
<b>Question n°18</b>	Please advise if ESM has a planned date for the Reconciliation solution Go-Live
<b>Answer n°18</b>	Go-live shortly after the contract signature in July/August 2022 and a steady migration of existing reconciliation processes to the new tool until Q1/Q2 2023
<b>Question n°19</b>	Please advise if the ESM is currently using a third-party reconciliation solution or if the solution is in house built. In the case where ESM is using a third-party reconciliation solution, please advise on the scope of services provided by the existing third-party provider.
<b>Answer n°19</b>	In-house tools based mostly on Excel with VBA
<b>Question n°20</b>	In the PDQ document, it is mentioned "Note limitations on any page/word limits specified. Any response exceeding the specified limits may be disregarded beyond that limit." Going through the PDQ, we have not found any limitations on number of pages or words. While we understand our responses must be short and concise, if there is any limitation of word or pages, we kindly ask ESM to inform us.
<b>Answer n°20</b>	Please note that indeed your proposal should be concise and complete, there are no limitation on numbers of pages.
<b>Question n°21</b>	Please advise on the type of data is processed in the reconciliation (e.g., personal data, financial transactions, etc.). This is to understand if any PII data will be loaded to the target Reconciliation solution.
<b>Answer n°21</b>	Financial data from trading, accounting, cash and securities accounts.
<b>Question n°22</b>	Please advise on the regulators supervising ESM including the CSSF. Please advise if Luxembourg laws are applicable to ESM.
<b>Answer n°22</b>	The ESM is an international organisation (and international financial institution) governed by public international law. The ESM was created by its Member States, including the Grand Duchy of Luxembourg, as set out in the Treaty Establishing the European Stability Mechanism ('ESM Treaty')

	available on ESM website). The internal organisation and functioning of international organisations are primarily governed by their internal law and applicable principles of public international law and are thus generally outside the jurisdiction of national and EU law. Under the ESM Treaty (Article 32(9)) the ESM is exempt from any requirement to be authorised or licensed as a credit institution, investment services provider or other authorised licensed or regulated entity under the laws of each ESM Member State, and as such it is not subject to direct regulation/supervision by the CSSF. However, to the extent some directives/regulations apply to the ESM (e.g., Transparency Directive or Market Abuse Regulation), since Luxembourg is the host state of the ESM, the CSSF is the relevant competent authority.
<b>Question n°23</b>	In case the reconciliation solution is offered as a SaaS, will the public cloud service provider (AWS, Azure, etc.) be considered as a subcontractor knowing that we would prime the contract. If we prime the contract, we would assume that we would be the prime vendor and the cloud service provider would not be considered as a subcontractor but part of our provided SaaS services. Same logic would apply to the Consortium declaration. Please advise.
Answer n°23	If your SaaS solution is running in the public cloud, the public cloud service provider (AWS, Azure etc.) is a “Key Subcontractor” according to Section 3.5 of the PQD. However, due to the special nature of the public cloud services, it is not required to complete the Subcontractor Commitment Letter (Annex 3 3.3). All other requirements regarding Key Subcontractors continue to apply.
<b>Question n°24</b>	Will it be possible to work with the vendor contracts, referring to the contract(s) or agreement(s) that would be use when you will select a software vendor/software provider?
Answer n°24	Indeed, the ESM intends to contract on the selected service provider terms. This will be relevant at the RFP stage only.
<b>Question n°25</b>	We request to provide anonymous CVs of the Project Manager and the Subject Matter Expert. Please advise if this is acceptable for ESM.
Answer n°25	Yes, this is acceptable.
<b>Question n°26</b>	It is mentioned in the Procurement Process Step tables that the deadline for submission of Applications (the “Applications Deadline”) is 31/03/2022 11:00 hrs (local Luxembourg time). Could you please specify if the submission hour is 11am CET or 11pm CET?
Answer n°26	The deadline for submission of applications is 31/03/2022 11:00 am in the morning.
<b>Question n°27</b>	How many potential employees would be transfer? Could you please share the minimum or maximum number of people that would be transferred?
Answer n°27	Please note that the ESM does not have yet a third-party reconciliation solution in place, therefore these services are procured for the first time. Taking into consideration the type of services procured, it is the view of the ESM that the provisions regarding the Transfer of Undertakings would not apply.
<b>Question n°28</b>	Kindly share employee details (Anonymous): - Service Tower / Role & Levels / Skillsets / Location - Avg. total experience & Avg. tenure in ESM - What types of employments are in scope?
Answer n°28	See the Answer n°27

<b>Question n°29</b>	Are there any contractors that should be considered for Transition? If yes, please share the details of the contractors, the Vendor details and fees applicable (country/location wise)
<b>Answer n°29</b>	<a href="#">See the Answer n°27</a>
<b>Question n°30</b>	Can you share the applicable Collective Labour Agreements (country wise / location wise)? Please provide us with a summary of the key terms and conditions under the CLAs and the term for which they apply
<b>Answer n°30</b>	<a href="#">See the Answer n°27</a>
<b>Question n°31</b>	Are there any Social Plans / Union Agreements in place and what are the key terms applicable? Please specify any employment protection and redundancy rules applicable (country/location wise).
<b>Answer n°31</b>	<a href="#">See the Answer n°27</a>
<b>Question n°32</b>	Have works councils been established and have they been informed about this opportunity in this stage? Please specify any expectation in this regard related to offshoring of roles
<b>Answer n°32</b>	<a href="#">See the Answer n°27</a>
<b>Question n°33</b>	Have Union been involved, and have they been informed about this opportunity in this stage? Please specify any expectation in this regard related to the offshoring of roles
<b>Answer n°33</b>	<a href="#">See the Answer n°27</a>
<b>Question n°34</b>	Kindly share detailed Compensation & Benefits structure (for example, but not limited to the following) country/location wise: <ul style="list-style-type: none"> <li>- Social Security Plans (Employer, Employee contribution &amp; if any other)</li> <li>- Bonus payments</li> <li>- Allowances</li> <li>- 13th / 14th month salary / Vacation allowance</li> <li>- Severance packages</li> </ul>
<b>Answer n°34</b>	<a href="#">See the Answer n°27</a>
<b>Question n°35</b>	Kindly share details for the following: <ul style="list-style-type: none"> <li>- Job Descriptions</li> <li>- Working time / vacation entitlement / additional leave</li> <li>- Severance terms</li> <li>- Vacation entitlements</li> <li>- Health &amp; Welfare Plans (including cost)</li> <li>- Notice Period</li> <li>- Pension Plans</li> <li>- Other benefits</li> <li>- Relocation / transfer policy</li> <li>- Any other entitlements / perks provided</li> </ul>

Answer n°35	<a href="#">See the Answer n°27</a>
<b>Question n°36</b>	<p>We would like to understand following details on the Solution:</p> <ul style="list-style-type: none"> <li>- Are there any services in scope being delivered from offshore or near-shore?</li> <li>- Would ESM be open to workforce optimisation solution from day 1 (Offshore / Near shore)</li> <li>- Would ESM be open to take over of only critical resources basis Target Operating Model?</li> </ul>
Answer n°36	<a href="#">See the Answer n°27</a>
<b>Question n°37</b>	<ul style="list-style-type: none"> <li>- Do you consider any roles to be critical (and to be continued onsite)? If yes, please specify the roles and the critical knowledge / Service.</li> <li>- Should we assume that all in scope employees continue in the same role?</li> <li>- Will ESM be open to any redeployment of a number of resources over time?</li> </ul>
Answer n°37	<a href="#">See the Answer n°27</a>
<b>Question n°38</b>	What are the critical success factors for ESM that should be considered in our HR Solution? Please specify any key important points.
Answer n°38	<a href="#">See the Answer n°27</a>
<b>Question n°39</b>	<p>"Support Dynamic path and dynamic date stamps"</p> <p>Q: Please clarify what is meant by dynamic path and how this is relevant to the reconciliation process?</p>
Answer n°39	<p>For some reconciliation scenarios, it is necessary to compare files of different business days, e.g., a trade report as of TODAY with the same report as of LAST_BUSINESS_DAY.</p> <p>The business days are according to different holiday calendars the ESM is using.</p> <p>For example, if we need to compare a trade report as of Tuesday 19 April 2022 with the same report as of LAST_BUSINESS_DAY according to TARGET holiday calendar, the report needs to be compared with the one of Thursday 14 April 2022. Reason: 15 April (Good Friday) and 18 April (Easter Monday) are bank holidays according to TARGET calendar; Saturday and Sunday are non-working days.</p>
<b>Question n°40</b>	<p>"Provide a calendar function to compare the same files from different business days (e.g., TARGET calendar)"</p> <p>Q: What is the underlying reason to compare the same files for different business days?</p>
Answer n°40	<a href="#">See the Answer n°39</a>
<b>Question n°41</b>	Will all the data that needs to be reconciled be provided in files (XLSX, txt, csv, xml) and contain messages gathered daily/weekly?
Answer n°41	<a href="#">Data will be provided in different file formats such as Excel formats, flat files etc.</a>
<b>Question n°42</b>	What is the trigger for performing a reconciliation - is it a periodic task (e.g., once a day, once a week etc), or is it triggered by some other event?
Answer n°42	<a href="#">There are daily, weekly, monthly and ad-hoc reconciliations. Most reconciliations in the back-office area happen daily while accounting reconciles monthly or even quarterly.</a>

<b>Question n°43</b>	<p>The requirements document identifies the ISO standards that apply to the message formats. Are you able to provide a list of the SWIFT message types that are in scope for this project? This will help us understand the universe of data that is being reconciled, thus giving us an indication of the complexity of the project.</p>
<b>Answer n°43</b>	<p>We can provide a provisional list of most swift that we use: MT103 MT910 MT940 MT950</p>
<b>Question n°44</b>	<p>In Section 3.6 Transfer of Undertaking of the PDQ, it reads that we may be required to take on employees from ESM for this new reconciliation tool. Can you please clarify why we would need to take on employees and under what capacity? We will train your employees on the reconciliation tool but it reads that we may be required to employ existing employee under a SS&amp;C contract?</p>
<b>Answer n°44</b>	<p>See the Answer n°27</p>

S. No	Reconciliation Type	Source systems(Murex, GL, Core, etc.)	Data Feed Format from Each Source System (SWIFT, csv, Excel, Text, flat file, etc.)	Daily volume from each Source System	Annual Growth in Volume (%)	No. of Users for the Recon system	Annual Growth in Users (%)
1	Cash account reconciliation (CAR)	Murex, Swift, EasyWay, Creation Online	Swift, csv,		Not relevant	6	Not relevant
2	Security reconciliation (SR)	Murex, Bundesbank's report	Csv, txt		Not relevant	6	Not relevant
3	Instruction reconciliation (IR)	Murex, BO provider's report, EasyWay	Csv, xls		Not relevant	6	Not relevant
4	Collateral reconciliation (COR)	Murex, BO provider's report	Csv		Not relevant	6	Not relevant
5	OTC Derivatives cash-flow reconciliation (DR)	Murex, BO provider's report	Csv		Not relevant	6	Not relevant
6	Futures reconciliations (FR)	Murex, clearer's report, BO provider's report	Csv, pdf		Not relevant	6	Not relevant
7	Claims reconciliation (CLR)	Swift, Euroclear's report	Swift, pdf		Not relevant	6	Not relevant
8	Interest Accruals Reconciliation (IAR)	Murex, Swift, BO provider's report, Correspondents' statements	xlsx, Swift, pdf		Not relevant	6	Not relevant

