

SP/ZW/41/2024
CCP/ZW/697/2024

Warsaw, 08 October 2024

To: KDPW Participants
KDPW_CCP Participants

Re.: Modifications to KDPW and KDPW_CCP IT systems planned for 2025

Dear Madam or Sir,

In line with the practice we have followed for several years aiming to increase the efficiency of our implementations and to enable you to plan modifications to your IT systems well in advance, we present this information on initiatives for 2025 related to modifications to the KDPW and KDPW_CCP IT systems resulting from the development of our services or from adaptation to new regulations, new external systems.

In order to provide more details related to the plans for 2025, we are planning to hold a meeting with representatives of the participants' organisations, including in particular representatives of the Council of Custodian Banks (RBD) and the Chamber of Brokerage Houses (IDM), representatives of your IT system providers, and participants who are not members of the above-mentioned organisations. The meeting will take place online on **30 October** (Wednesday) **at 11:00 a.m.** on MS Teams. We will send the invitation to the meeting in a separate message, once the details of the participants are available. For organisational matters, including registration for the meeting, please contact: bozena.koziorynski@kdpw.pl no later than 25 October 2024.

After analysing the scope and timeline of the projects, in line with the principle of implementing systemic changes within implementation windows, we plan two key dates in 2025:

- spring implementation window dates: **12-13 April**,
- autumn implementation window dates: **22-23 November**.

Below is a list of projects related to modifications to the KDPW and KDPW_CCP IT systems, which may be subject to change in the event of changes in the external environment, in particular regulatory changes and new business needs.

SPRING IMPLEMENTATION WINDOW **_12-13 April 2025**

1. Implementation of the new version of the FpML message standard

adaptation of IT systems of KDPW_CCP Participants (OTC trading) – mandatory

With a view to ensuring the highest quality of services and compliance with international standards, the Financial products Markup Language (FpML) message standard in KDPW_CCP's systems is scheduled for modification from the currently used version 5.11 to version 5.12 recommended by the International Swaps and Derivatives Association (ISDA) as the latest version. The new version of the FpML standard will be introduced in response to changing market conditions and to support the planned clearing service for Overnight Indexed Swaps (OIS) based on the risk-free rate (RFR), which may contain additional characteristics not present in previous versions. The implementation of version 5.12 is key for the future development of the financial market and compliance with international regulations and trends in transaction clearing and risk management.

Materials: We provided you with detailed materials including a description of the processes, structure and examples of Financial products Markup Language (FpML) and xml messages **in September 2024**.

Tests: The test environment was opened and the testing with KDPW_CCP participants (non-organised trading) started **in September 2024**. The KDPW_CCP test environment offers the possibility of testing the processes and the flow of the messages, as announced in our letter no. CCP/ZW/605/2024 of 5 September 2024.

Roll-out: The roll-out of the modifications in the production environment is scheduled for **12-13 April 2025**.

2. Introduction of new system messages for obtaining information on bid-ask spreads for OTC derivatives for the purpose of calculating add-ons

adaptation of IT systems of KDPW_CCP Participants (OTC trading) – mandatory

Aiming to comply with regulatory requirements and best market practice, KDPW_CCP will modify the model for calculating margins in non-organised trading (OTC), including the introduction of liquidity and concentration risk add-on calculations. The calculation of the add-ons is based, among others, on data on bid-ask spreads on selected financial instruments and their nominal amounts, which will be sourced from clearing members and exchanged using new system messages.

Materials: Detailed materials describing the changes to the margin calculation model for non-organised trading will be provided to clearing members **by 15 October 2024**. A detailed description of the messages is provided under the tab *New messages planned in connection with LCRM surveys* at www.kdpwccp.pl ([link](#)).

Tests: KDPW_CCP is running acceptance tests of the new solutions and, once these have been completed, we will provide information on the readiness to start testing with participants **in November 2024**.

Roll-out: The roll-out of the modifications in the production environment is scheduled for **12-13 April 2025**.

3. Implementation of new solutions supporting General Meetings

adaptation of IT systems of KDPW Participants – mandatory

The KDPW Group will continue project work in 2025 to expand the General Meetings service. As part of the spring implementation window, we will implement the modifications announced by letter

no. BRB/ZW/9/2024 of 26 April 2024 concerning the ISO 20022 message seev.001.001.11 (MeetingNotification), including the introduction of a new designation for the method of participation in the general meeting “VIRT”, which will be used when the company allows for participation in the general meeting via the eVoting application. In addition, the modifications include the processing of optional elements of the above-mentioned message applicable to general meetings of foreign companies.

Materials: Detailed materials (supplementing the information provided in letter no. [BRB/ZW/9/2024](#)) will be provided **in December 2024**.

Tests: We expect to open the test environment and start testing with you **in February 2025**.

Roll-out: The roll-out of the modifications in the production environment is scheduled for **12-13 April 2025**.

AUTUMN IMPLEMENTATION WINDOW **22-23 November 2025**

4. Update of ISO 20022 message versions in the areas of General Meetings and shareholder identification

adaptation of IT systems of KDPW Participants – mandatory

With a view to standardising the processes handled by KDPW in line with international standards and ensuring compliance with regulatory requirements for the use of electronic formats which enable interoperability and straight-through processing, an update of the ISO 20022 messages in the area of General Meetings and shareholder identification to the version required by SWIFT is planned for November 2025 (as part of a strategic effort to adapt to message version changes in the ECB SCoRE system).

Materials: We plan to provide you with detailed materials on the proposed modifications to KDPW’s IT systems **by the end of May 2025**.

Tests: We expect to open the test environment and start testing with you **in September 2025**.

Roll-out: The roll-out of the modifications is scheduled for **22-23 November 2025**.

OTHER MAJOR PROJECTS TO BE IMPLEMENTED IN **2025**

(outside the planned implementation windows) which may affect your IT systems:

5. Adaptation of KDPW Group to SORBNET3

adaptation of IT systems of KDPW Participants and KDPW_CCP Participants – mandatory

The KDPW Group’s adaptation to the new SORBNET3 (S3) system being designed by the National Bank of Poland (NBP) is aimed at ensuring the continuation of central bank clearing and cash settlement in PLN. In addition, the KDPW Group is developing its business profile to provide new functionalities offered with the launch of the new system, including the possibility of holding multiple accounts in S3. In the case of banks acting as payer banks, multiple accounts allow for increased flexibility in establishing relationships of direct participants of KDPW and KDPW_CCP who do not hold bank accounts with the NBP for the purposes of operations performed by the KDPW Group.

As part of the adaptation to SORBNET3, necessary modifications will be made in the KDPW Group’s IT systems including the clearing and settlement of transactions in PLN, the payment of benefits

from securities in PLN, the settlement in PLN of other operations, and the management of resources of the clearing guarantee system.

Materials: We are providing you with detailed materials, including information on the implementation of the next stages of the project work, in our letters, which are also available on our website:

- regarding KDPW at this [link](#),
- regarding KDPW_CCP at this [link](#).

Tests: In addition to the mandatory set of tests required by the NBP, the KDPW Group plans to start testing with KDPW participants and KDPW_CCP participants **in the first half of December 2024**.

Roll-out: The launch of SORBNET3, according to the NBP schedule, is planned **on 9 June 2025**.

6. Adaptation of KDPW Group systems to the new trading system WATS

adaptation of IT systems of KDPW Participants and KDPW_CCP Participants – [mandatory](#)

A project is underway in the KDPW Group to adapt the KDPW Group's systems (mainly kdpw_stream) to the new trading system WATS. **The schedule of project work in the KDPW Group is dependent on the WATS project schedule.**

From the perspective of the modifications required on your side, we have identified the need for modifications in ISO20022 Securities Clearing (secl) messages, including:

- updating to the current version of the Clearing 3.0 standard,
- adding the standard KDPW Group message envelope used for other ISO message groups, and
- extending the information content of the messages to meet the requirements of the WATS system.

Materials: We provided you with detailed materials on the modifications to the ISO20022 Securities Clearing (secl) messages and published them on the KDPW_CCP website ([link](#)) **in March 2023**.

Tests: The connection of the KDPW Group's systems to the GPW eUAT test environment and the GPW prePROD environment will take place on dates resulting from the GPW WATS implementation schedule. We will make new versions of ISO20022 Securities Clearing (secl) messages available in the test environment **in November 2024**.

Roll-out: implementation of the new versions of the (secl) messages will take place in conjunction with the launch of the new WATS system which, according to the current schedule, is planned **on 10 November 2025**.

7. Changes to communication links between the KDPW Group's IT systems and participants' systems

adaptation of IT systems of KDPW Participants and KDPW_CCP Participants – [mandatory](#)

The KDPW Group continues to develop its services while ensuring their cyber security and is consistently implementing measures to improve the reliability and security of its IT systems.

With this in mind, the KDPW Group will make significant changes at the beginning of 2025 in the communication links between the KDPW Group's IT systems and the participants of the various KDPW Group services. The changes will affect both A2A and U2A communications.

7.1 Modernisation of the handling of access certificates in A2A communication

The KDPW Group will finalise in 2025 its project which modernises A2A communication in the area of services for KDPW's direct participants (including ARM services and the Compensation Scheme)

and KDPW_CCP clearing members. At the level of the KDPW Group, authentication for MQ communication in KDPW and KDPW_CCP has been separated, which requires users to request a separate certificate to establish A2A communication with KDPW_CCP. In connection with the separation, a new network addressing will also be introduced, separate from the current ESDK system, which will require the establishment of appropriate access in the network infrastructure. Consequently, messages exchanged with KDPW and with KDPW_CCP will require a separate connection to the relevant MQ queues.

Materials: We provided you with detailed materials on the planned changes, including the specification of the MQ configuration in A2A communication, instructions and a description of the process for implementing the changes in A2A communication, **in February 2024**. You will also find all information on this topic on our website www.kdpw.pl ([link](#)).

We will provide you with information on the dates of the switching windows in dedicated correspondence **in the first half of November 2024**. We plan to offer you the possibility to check the network connections with KDPW and KDPW_CCP also in November 2024.

Roll-out: The modifications will be rolled out in the switching windows scheduled for **Q1 2025**.

7.2 Launch of new applications for participants in the KDPW Group Service Portal

The implementation of changes to U2A electronic communication with KDPW direct participants and KDPW_CCP clearing members is also planned for early 2025. New web applications will be made available to participants in the Service Portal <https://online.kdpw.pl>:

- *CSD Services – Direct Participant* application to support communication in the depository services, including through system messages, and
- applications: *KDPW Correspondence* and *KDPW_CCP Correspondence*, for communication in the form of unstructured files.

NOTE: Following the launch of these new applications in the KDPW Group Service Portal at the beginning of 2025, which will take over data exchange functions (system messages and correspondence), the currently used U2A communication channel **ESDI/Web** will be **decommissioned at the end of Q1 2025**.

Materials: We will provide you with detailed materials on the launch of the new applications and the operation of the existing and new solutions during the transition period in **October/November 2024**.

Roll-out: With a view to organisational and technical adaptations on your side, we expect that during the transition period, i.e. **Q1 2025**, two U2A communication channels will operate in parallel: ESDI/Web and the new applications in the Service Portal supporting data exchange functions (system messages and correspondence).

Furthermore, please note that, with a view to the adopted strategic directions, our long-term goal in the standardisation of communication is to harmonise the use of settlement messages to a standard based on ISO 20022.

Consequently, we plan to move away from the use of MTxxx messages (compliant with ISO 15022) in the area of settlement in 2027 and will then require the use of ISO 20022-compliant messages in place of the current proprietary messages.

We will provide you with more information on our plans in this area **in H2 2025**.

Yours sincerely,

Maciej Trybuchowski
President of the Management Board

Marcin Truchanowicz
Member of the Management Board

C/C:

- National Bank of Poland (NBP),
- Warsaw Stock Exchange (GPW),
- BondSpot S.A.,
- Chamber of Brokerage Houses (IDM),
- Council of Custodian Banks (RBD) at the Polish Bank Association (ZBP),
- Office of the Polish Financial Supervision Authority (UKNF).