Version 1.0

APPENDIX AO

S1SPKM COMPLIANCE POLICY

1 INTRODUCTION

1.1 The document comprising this Appendix XX:

a) shall be known as the "**S1SPKM Compliance Policy**" (and in this document is referred to simply as the "**Policy**"),
b) is a SEC Subsidiary Document required by Section L14.4(a)(v) of the Code (S1SPKI Assurance).

2 S1SPKI INDEPENDENT ASSURANCE SCHEME
DCC: Duty to Submit to an S1SPKI Independent Assurance Scheme

2.1 The DCC shall subject the S1SPKI Services to assessment against an assurance scheme which satisfies:

a) the quality requirements specified in Part 2.2 of this Policy;
b) the independence requirements specified in Part 2.3 of this Policy; and
c) the approval requirements specified in Part 2.5 of this Policy and that scheme is referred to in this Policy as the "**S1SPKI Independent Assurance Scheme**".

Quality Requirements

2.2 The quality requirements specified in this Part 2.2 are that the S1SPKI Independent Assurance Scheme must be a scheme:

a) which is recognised as an accreditation scheme for the purposes of Article 3(2) of Directive 1999/93/EC on a Community framework for electronic signatures;
b) which is based on ISO 27001; and
c) the provider of which:
   (i) is used by the United Kingdom Government to provide assurance in relation to electronic trust services; and
   (ii) requires all its scheme assessors to be UKAS certified.

Independence Requirements

2.3 The independence requirements specified in this Part 2.3 are that the provider of the S1SPKI Independent Assurance Scheme must be independent of the DCC and of each DCC Service Provider from which the DCC acquires capability for the purposes of the provision of the S1SPKI Services (referred to in this Policy as a "Relevant DCC Service Provider").

2.4 For the purposes of Part 2.3 of this Policy, the provider of the S1SPKI Independent Assurance Scheme is to be treated as independent of the DCC (and of Relevant DCC Service Providers) only if:
a) neither the DCC nor any of its subsidiaries (or any Relevant DCC Service Provider or any of its subsidiaries) holds or acquires any investment by way of shares, securities or other financial rights or interests in the provider of the scheme;
b) either:

(i) no director or employee of the DCC (or of any Relevant DCC Service Provider) is or becomes a director or employee of the provider of the scheme; or

(ii) where any person is or becomes both a director or employee of the DCC (or of any Relevant DCC Service Provider) and a director or employee of the provider of the scheme, appropriate arrangements are in place to ensure that that person is able to have no influence on any decisions made by the provider of the scheme in respect of the approval of any person or the accreditation of anything in accordance with the scheme;

c) no person who is a director or employee of the DCC (or of any Relevant DCC Service Provider) holds or acquires any investment by way of shares, securities or other financial rights or interests in the provider of the scheme, except where sub-paragraph (b)(ii) applies and that investment is acquired by that person by way of reasonable compensation for his or her performance as a director or employee of the provider of the scheme; and

d) the provider of the scheme does not hold or acquire a participating interest (as defined in section 421A of the Financial Services and Markets Act 2000) in the DCC (or in any Relevant DCC Service Provider).

Approval Requirements

2.5 Before entering into any agreement with the provider of the S1SPKM Independent Assurance Scheme, in accordance with its obligation under Section L15.2 of the Code (S1SPKM Compliance Policy), the DCC shall submit to the SMKI PMA for approval:

a) its proposed choice of scheme; and

b) the proposed terms and conditions of its agreement with the provider of that scheme,

and shall not enter into any such agreement unless the SMKI PMA has first approved the proposed S1SPKI Independent Assurance Scheme and the proposed terms and conditions of that agreement.

2.6 If the SMKI PMA does not approve either the proposed S1SPKI Independent Assurance Scheme or the proposed terms and conditions of the DCC's agreement with the provider of that scheme:

a) the SMKI PMA shall provide the DCC with a statement of its reasons for not doing so; and

b) the DCC shall submit to the SMKI PMA for approval, as soon as is reasonably practicable, a revised proposal in relation to the scheme.

3 INDEPENDENT ASSURANCE SERVICE PROVIDER
DCC: Duty to Procure Independent Assurance Services

3.1 For the purposes of complying with its obligation under Section L15.2 of the Code (S1SPKM Compliance Policy), the DCC shall procure the provision of assurance services:

a) of the scope specified in Part 3.2 of this Policy;

b) from a person who:

(i) is suitably qualified in accordance with Part 3.3 of this Policy; and

(ii) satisfies the independence requirements specified in Part 3.4 of this Policy,

and that person is referred to in this Policy as the "Independent S1SPKI Assurance Service Provider".

Scope of Independent Assurance Services

3.2 The assurance services specified in this Part 3.2 are services in accordance with which the Independent S1SPKI Assurance Service Provider shall:

a) undertake an initial assessment of the S1SPKI Services against the S1SPKI Independent Assurance Scheme in accordance with Part 4 of this Policy;
b) subsequently undertake further assessments of the S1SPKI Services against the S1SPKI Independent Assurance Scheme:
   (i) at a frequency recommended by the provider of that scheme; or
   (ii) where there is no such recommended frequency, or where the SMKI PMA otherwise determines, at a frequency specified by the SMKI PMA;
c) at the request of, and to an extent determined by, the SMKI PMA, carry out an assessment of the compliance of any S1SPKI Participant with the applicable requirements of the S1SPKI Document Set;
d) at the request of the SMKI PMA, provide to it advice in relation to the compliance of any S1SPKI Participant with the applicable requirements of the S1SPKI Document Set;
e) at the request of the SMKI PMA, provide to it advice in relation to a review of this Policy, which shall include in particular:
   (i) recommendations as to the scope and frequency of assessments carried out in accordance with this Policy; and
   (ii) advice in relation to the suitability of any remedial action plan for the purposes of Section M8.4 of the Code (Consequences of an Event of Default), including where the Defaulting Party is the DCC in accordance with Section L15.6 of the Code (Events of Default); and
f) at the request of the SMKI PMA Chair, provide a representative to attend and contribute to the discussion at any meeting of the SMKI PMA.

Suitably Qualified Service Provider

3.3 The Independent S1SPKI Assurance Service Provider shall be treated as suitably qualified in accordance with this Part 3.3 only if it is recognised by the provider of the S1SPKI Independent Assurance Scheme as being qualified to carry out assessments against that scheme.

Independence Requirements

3.4 The independence requirements specified in this Part 3.4 are that the Independent S1SPKI Assurance Service Provider must be independent of each S1SPKI Participant and of each service provider from whom that S1SPKI Participant acquires capability for any purpose related to its compliance with its obligations under the Code (but excluding any provider of corporate assurance services to that S1SPKI Participant).

3.5 For the purposes of Part 3.4 of this Policy, the Independent S1SPKI Assurance Service Provider is to be treated as independent of an S1SPKI Participant (and of a relevant service provider of that S1SPKI Participant) only if:

a) neither that S1SPKI Participant nor any of its subsidiaries (or such a service provider or any of its subsidiaries) holds or acquires any investment by way of

shares, securities or other financial rights or interests in the Independent S1SPKI Assurance Service Provider;

b) no director of that S1SPKI Participant (or of any such service provider) is or becomes a director or employee of, or holds or acquires any investment by way of shares, securities or other financial rights or interests in, the Independent S1SPKI Assurance Service Provider; and

c) the Independent S1SPKI Assurance Service Provider does not hold or acquire a participating interest (as defined in section 421A of the Financial Services and Markets Act 2000) in that S1SPKI Participant (or in any such service provider).

4 INITIAL ASSURANCE ASSESSMENT

DCC: Duty to Procure Initial Assessment

4.1 The DCC shall ensure that an initial assurance assessment of the S1SPKI Services:

a) against the S1SPKI Independent Assurance Scheme; and

b) in respect of compliance by the DCC with the applicable requirements of the S1SPKI Document Set,

is undertaken by the Independent S1SPKI Assurance Service Provider in accordance with Part 4.2 of this Policy.

Nature of the Initial Assessment

4.2 The initial assessment referred to in Part 4.1 of this Policy shall be undertaken by no later than such date as is necessary in order to ensure that an Assurance Report may be produced in relation to the S1SPKI Services being produced by the Independent SMKI Assurance Service Provider by no later than such date as the SMKI PMA shall determine to enable the SMKI PMA to make a recommendation relating to the Live Service Criteria relating to security for the relevant Eligible Product Combination List (EPCL).

4.3 The Assurance Report shall clearly identify any failure of the DCC to comply with any applicable requirements of the S1SPKI Document Set noting the severity of any non-compliances;

SMKI PMA: Response to the Initial Assessment

4.4 On receiving a S1SPKI Assurance Report, the SMKI PMA shall:

a) promptly consider that report;

b) determine that the assurance status of the DCC in relation to the S1SPKI Services is to be set at:

(i) approved;

(ii) approved with caveats; or

(iii) not approved;

c) where the SMKI PMA has set the assurance status of the DCC in relation to the S1SPKI Services at ‘approved with caveats’, state in writing its reasons for considering that it is acceptable for the DCC to commence the provision of the S1SPKI Services; and

d) provide a summary of any non-compliances and a SMKI PMA statement of its determination (and of any reasons accompanying that determination) to all Parties.

4.5 Where the SMKI PMA has set the assurance status of the DCC in relation to the S1SPKI Services at 'approved with caveats' or 'not approved' it shall:

a) require that the DCC submit to it as soon as reasonably practicable a remedial action plan; and
b) within one month of the submission of that plan, require the DCC to make any changes to it that the SMKI PMA may specify.

DCC: Duty in relation to Remedial Action Plan

4.6 Where the DCC is required to do so in accordance with Part 4.5(a) of this Policy, it shall as soon as reasonably practicable submit to the SMKI PMA a remedial action plan.

4.7 Where the DCC is required by the SMKI PMA in accordance with Part 4.5 of this Policy to make changes to the remedial action plan, it may appeal that decision to the SEC Panel and:
(a) the SEC Panel shall determine what changes (if any) shall be made to the remedial action plan; and
(b) the determination of the SEC Panel shall be final and binding for the purposes of the Code.

4.8 The DCC shall implement any remedial action plan subject to any required changes to it specified by:

a) the SMKI PMA in accordance with Part 4.5 of this Policy; or
b) the SEC Panel in accordance with Part 4.7 of this Policy.

5 Subsequent Assurance Assessments

5.1 Following the initial assessment, the DCC shall subsequently undertake further assessments of the S1SPKI Services against the S1SPKI Independent Assurance Scheme:

a) at a frequency recommended by the provider of that scheme;
b) where there is no such recommended frequency, or where the SMKI PMA otherwise determines, at a frequency specified by the SMKI PMA;
c) at the request of, and to an extent determined by, the SMKI PMA, carry out an assessment of the compliance of any S1SPKI Participant with the applicable requirements of the S1SPKI Document Set; or
d) at the request of the SMKI PMA, provide to it advice in relation to the compliance of any S1SPKI Participant with the applicable requirements of the S1SPKI Document Set.

5.2 On receiving a S1SPKI Assurance Report, the SMKI PMA shall:

a) promptly consider that report;
b) determine that the assurance status of the DCC in relation to the S1SPKI Services is to be set at:
(i) approved;
(ii) approved with caveats; or
(iii) not approved;
c) where the SMKI PMA has set the assurance status of the DCC in relation to the S1SPKI Services at 'approved with caveats', state in writing its reasons

for considering that it is acceptable for the DCC to commence the provision of the SMKI Services; and

d) provide a summary of any non-compliances and a SMKI PMA statement of its determination (and of any reasons accompanying that determination) to all Parties.

5.3 Where the SMKI PMA has set the assurance status of the DCC in relation to the S1SPKI Services at ‘approved with caveats’ or ‘not approved’ it shall:

a) require that the DCC submit to it as soon as reasonably practicable a remedial action plan; and
b) within one month of the submission of that plan, require the DCC to make any changes to it that the SMKI PMA may specify.

5.4 Where the DCC is required by the SMKI PMA in accordance with Part 5.3 of this Policy to make changes to the remedial action plan, it may appeal that decision to the SEC Panel and:

a) the SEC Panel shall determine what changes (if any) shall be made to the remedial action plan; and
b) the determination of the SEC Panel shall be final and binding for the purposes of the Code.

5.5 The DCC shall implement any remedial action plan subject to any required changes to it specified by:

a) the SMKI PMA in accordance with Part 5.3 of this Policy; or
b) the SEC Panel in accordance with Part 5.4 of this Policy.