

SCoREBOARD

Corporate Actions – H1 2022

Maltese NSG

Background

2 entities are monitored in the
Maltese market

Since publication of the [Collateral Management Harmonisation Report](#) in December 2017, the Advisory Group on Market Infrastructures for Securities and Collateral (AMI-SeCo) has made a number of significant breakthroughs in its ambition to create a **Single Collateral Management Rulebook for Europe (SCoRE)**.

What is SCoRE?

SCoRE defines common rules for managing collateral in Europe. These rules will replace the fragmented legacy standards, structural constraints and complex and diverse market practices that exist across Europe today. Implementation of SCoRE should remove operational impediments to the availability, usage and mobility of collateral. Market participants in AMI-SeCo have committed to implementing the SCoRE Rulebook, with the first set of rules due to be implemented by November 2023. Their implementation efforts are regularly monitored by AMI-SeCo which facilitates an active dialogue with market participants on issues related to the clearing and settlement of securities and to collateral management.

National stakeholder groups (NSGs) are coordination forums to support the implementation of the Single Collateral Management Rulebook for Europe.

The Single Collateral Management Rulebook for Europe (SCoRE) contains 15 Standards related to the processing of corporate actions (published as the [SCoRE Standards for Corporate Actions](#)). Implementation progress is monitored twice per year.

Introduction

This summary report presents the results of the H1 2022 monitoring exercise conducted by the Maltese NSG with the involvement among the following stakeholders:

- 1 CSD – Malta Stock Exchange
- 1 Custodian – HSBC Bank Malta PLC

The report focuses on the milestones to be met by the time the survey closed. In this monitoring exercise, participants were expected to have achieved all the milestones up to Milestone 6 inclusive as described in section 3 below.




Section 1 presents the key takeaways per entity type i.e. CSD, TPA, Custodian etc. Section 2 depicts for each entity type their compliance status with the standards. Section 3 focuses on the progress against the individual milestones and Section 4 provides concluding remarks.

1 Key takeaways

CSD implementation of the Corporate Action Standards in the Maltese market is fully on track

Malta Stock Exchange and HSBC Bank Malta PLC were the entities to participate in the H2 2021 monitoring exercise.

Figure 1
Summary of the monitoring exercise

	 Response Rate	 Implementation status of the standards	Are all milestones 1 to 6 inclusive achieved?	Will the last milestone 13 be Implemented on time (i.e. by 20 November 2023 ?)
Custodians	100%	Implemented 92.1% Analysis started 0% Implementation started 5.46% Analysis not started 2.34%	0%	0%
CSD - Malta Stock Exchange	100%	Implemented 21.5% Analysis started 39.5% Implementation started 38.9% Analysis not started 0%	No	Yes

CSD – Malta Stock Exchange

Malta Stock Exchange is on track to achieve full compliance

Malta Stock Exchange is already compliant with four of the 15 CA Standards and has also achieved partial compliance with Standard 2,4,7 and 11. Analysis has started with regard to the implementation of the remaining standards. Implementation is fully on track in view of achieving full compliance by November 2023. Standard 12 and 14 are not applicable.

Custodians

Custodians have already implemented several CA Standards.

HSBC Bank Malta plc is compliant with several of the applicable Standards. Analysis has started with regards to the implementation for some of the remaining standards. Standard 12 and 15 are not applicable.

Issuers

Issuers did not participate in the H1 2021 monitoring exercise

Issuers in the Maltese market did not participate in the current round of the monitoring survey.

NCB

The Central Bank of Malta is on track to adopt the SCoRE Standards in November 2023

The Central Bank of Malta is on track to implement the SCoRE Standards for Corporate Actions for its collateral management activities by November 2022.

2

Compliance level with the standards

This section provides an overview of the current status of compliance with the corporate actions standards. CSDs and TPAs are monitored on an individual basis and are assigned a colour-code status in accordance with the methodology outlined in figure 2 below. Custodians and Issuers are too many to represent individually. Thus the replies of custodians and issuers from the AMI-SeCo community participating in the monitoring are presented on an aggregated basis per market and assigned a percentage representing their compliance status.

Figure 2

Standards implementation status as defined in the AMI-SeCo framework document



- The Standard has been implemented
- Implementation of the Standard is on schedule (based on the agreed milestones)
- Implementation is behind schedule (based on the agreed milestones)
- Implementation has not started

Table 1

Compliance level with the standards by each entity type

STANDARD	CSD - Malta Stock Exchange
1A: Notification	G
1B: Instruction	G
1C: Advise	G
1D: Confirmation	G
1E: Reversal	Y
1F: Meeting Notification	G
1G: Meeting Instruction	Y
1H: Meeting Results	Y
2: Calculation of Proceeds	Y
3: Consistency of Information	Y
4: Rounding Rule 1	B
4: Rounding Rule 2	B
4: Rounding Rule 3	B
4: Rounding Rule 4	Y
4: Rounding Rule 5	Y
5: Negative Cash Flows	Y
6: Business Day Rule	Y
7: Securities Amount Data Rule 1	B
7: Securities Amount Data Rule 2	N/A
7: Securities Amount Data Rule 3	B
7: Securities Amount Data Rule 4	B
8: Payment Time Rule 1	G
8: Payment Time Rule 2	G
8: Payment Time Rule 3	B
8: Payment Time General Principle 3	Y
9: Processing Status	G
10: Blocking Rule 1	G
10: Blocking Rule 2	B
10: Blocking Rule 3	N/A
10: Blocking Rule 4	G
10: Blocking Rule 5	N/A
11: Default Option	B
12: Handling of Fees	N/A
13: Reversal	Y
14: Foreign Currency	N/A
15: ISO 20022 Messaging	Y

Notes:

- For CSDs and TPAs the colour-code reflects the current implementation status of each Standard in accordance with the methodology outlined in figure 2 above.
- TPAs are using custody services provided by CSDs or Custodians in order to disseminate CA information to Collateral Givers and Collateral Takers. Monitoring of TPAs thus focuses on the implementation of triparty specific workflows described in Standard 1.

- For custodians, the percentage of custodians which have implemented standards / standards being under development and implementation.
- Issuers were asked to confirm awareness of their obligation to provide all relevant information to the Issuer CSD (on a Yes/No basis). The % reflects the number of issuers who responded yes to the survey
- Percentages are calculated on the basis of expected respondents, i.e. number of entities monitored in the market.

3 Progress towards the milestones

This section tracks market stakeholders progress in implementing the Standards against the 13 set milestones identified by AMI-SeCo.

The milestones facilitate consistent implementation across markets (given the long-term efforts that are needed) and avoids issues remaining undetected until the deadline of 20 November 2023 to achieve compliance and implementation of the standards.

Table 2
Milestones identified by AMI-SeCo

Milestone	Description	Date
M1	Analysis Started: Have you commenced an in-depth analysis of all applicable SCoRE Standards in order to identify and document all the changes required to internal processes and procedures in order to comply with the SCoRE Standards?	30/06/2020
M2	Initial Communication: Has initial high-level communication with external stakeholders on the changes introduced by SCoRE commenced?	01/03/2021
M3	Analysis Completed: Have you completed an in-depth analysis of all applicable SCoRE Standards?	31/07/2021
M4	Documentation Completed: Have you documented all the internal processes and procedures which need to be adapted in order to comply with the SCoRE Standards?	31/12/2021
M5	Detailed External Communication: Has detailed communication started regarding (i) upcoming changes in business processes, (ii) messaging formats and usage guidelines (in the case of new messages based on non-registered latest drafts by SWIFT) and (iii) planned testing activities been provided to users?	31/12/2021
M6	SCoRE Adaptation Started: Have you started to adapt/develop the processes and procedures in order to comply with the SCoRE Standards?	01/01/2022
M7	SCoRE Adaptation Complete: Have you completed the necessary adaptations/developments for the processes and procedures in order to comply with the SCoRE Standards?	30/06/2022
M8	Internal Testing Started for SCoRE: Have you started to test the changes to your internal processes and procedures which have been introduced in order to comply with the SCoRE Standards?	01/07/2022
M9	Internal Testing Complete for SCoRE: Have you completed the necessary internal testing?	02/12/2022
M10	External Testing Started for SCoRE: Are you in a position to test the changes introduced in order to comply with the SCoRE Standards with your user community (i.e. CSD participants / Collateral Givers and Collateral Takers in the context of the Standards applicable to TPAs)?	20/03/2023
M11	Final External Communication on SCoRE: has final communication to users been provided (i.e. updated user guide to reflect the changes implemented, final message usage guidelines for A2A communication) related to the SCoRE Standards?	01/04/2023
M12	External Testing Completed for SCoRE: Is the testing of the changes introduced in order to comply with the SCoRE Standards with your user community completed (i.e. CSD participants / Collateral Givers and Collateral Takers in the context of the Standards applicable to TPAs)?	13/10/2023
M13	SCoRE Standards Implemented: have the SCoRE Standards been implemented?	20/11/2023

The current H1 2022 monitoring exercise focuses on milestones 1 to 6 given that Milestone 6 (with a deadline of 1 January 2022) was meant to have been achieved by the time the survey closed.

In each survey round, all the entities are asked to confirm (on a yes/no basis) whether the milestones will be met by the set milestones dates. If it is not the case, they are also asked the expected date for when the milestone will be reached.

For the milestones which had to be achieved by the time the survey closed: the blue colour code is assigned to those milestones that have been successfully achieved. Milestones that will only be achieved later than their set deadline are assigned a yellow status with indication of the likely date of achievement.

For the milestones that are only due to be achieved after the current reporting cycle: the green colour code indicates that the entity anticipates achieving that future milestone on time. A yellow status indicates that the milestone is foreseen to be met later than the set milestone date. In this case, the date of achievement anticipated is also indicated in the table.

Table 3

Entities' expectation of achieving the milestones at the set dates

	Custodians	CSD - Malta Stock Exchange
Milestone 1 June 2020	0%	Yes
Milestone 2 March 2021	0%	07/21
Milestone 3 July 2021	0%	Yes
Milestone 4 December 2021	0%	Yes
Milestone 5 December 2021	0%	08/22
Milestone 6 January 2022	0%	Yes
Milestone 7 June 2022	0%	09/22
Milestone 8 July 2022	0%	Yes
Milestone 9 December 2022	0%	Yes
Milestone 10 March 2023	0%	Yes
Milestone 11 April 2023	0%	Yes
Milestone 12 October 2023	0%	Yes
Milestone 13 November 2023	0%	Yes

4 Concluding remarks

CSD implementation is fully on track.

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For specific terminology please refer to the [ECB glossary](#) (available in English only).