

SCoREBOARD

Billing Processes – H1 2023

Polish NSG

Background

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 April 2024. 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 that have been established in the markets covered by the AMI-SeCo to support the implementation of the Single Collateral Management Rulebook for Europe (SCoRE).

The Single Collateral Management Rulebook for Europe contains four Standards related to billing processes (published as the [SCoRE Standards for Billing Processes](#)). Implementation progress is monitored twice per year.

Introduction

This summary report presents the results of the H1 2023 monitoring exercise conducted by the Polish NSG with the involvement among the following stakeholders:

9 entities are monitored in the Polish market

- 2 CSD – KDPW, SKARBNET4
- 7 Custodians

This report focuses on the milestones to be met by the time the survey was closed. In this monitoring exercise, participants were expected to have achieved all the milestones up to Milestone 9 inclusive “Internal testing Complete for SCoRE” (with a deadline of 10 March 2023) as described in section 3 below.




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

1 Key takeaways

Implementation of the Billing Processes Standards in the Polish market is mostly on track.

Concerning the core Polish financial market infrastructure institution, namely the KDPW SA, the implementation of the Billing Processes Standards is either completed or is on track. The Standards are deemed to be met on time. The process of implementation of the Standards by SKARBNET4 is also advanced although, due to specific range of activities performed by the system, it is restricted to one standard as the remaining standards were deemed not applicable. Regarding custodians, the majority did not participate in the monitoring round with only two out of six reporting entities responding to the survey. The Polish will endeavour to better engage custodians in the process during future monitoring rounds.

Figure 1
Summary of the monitoring exercise

	 Response Rate	 Implementation Status	Are all milestones 1 to 9 inclusive achieved?	Will the last milestone 13 be Implemented on time (i.e. by 08 April 2024)?
Custodians	29%	Implemented 9.52% Implementation started 0% Analysis started 0% Analysis not started 9.52% Non applicable standards 9.52% Replies not submitted 71.4%	Average % of milestones achieved 14%	% of custodians on time 29%
CSD - KDPW	Survey submitted	Implemented 40% Implementation started 0% Analysis started 60% Analysis not started 0% Non applicable standards 0% Replies not submitted 0%	No	Yes
CSD - SKARBNET4	Survey submitted	Implemented 0% Implementation started 20% Analysis started 0% Analysis not started 0% Non applicable standards 80% Replies not submitted 0%	No	Yes

CSD - KDPW

The CSD KDPW is fully on track.

KDPW is already largely compliant with the Billing Processes Standards. It is fully compliant with Standard 2: Billing Cycles and Standard 3: Cut-off Date. The implementation of the two remaining standards, Standard 1:ISO 20022 messaging and Standard 4: Dates for payments fees, is subject to analysis which is scheduled to be completed by the end of 2023.

It is expected that most of the remaining milestones will be met on time and that the implementation date of April 2024 will be met.

The CSD SKARBNET4 are experiencing some delays but still foresee to meet the final implementation date in April 2024.

CSD – SKARBNET4

SKARBNET4 is a system operated by Narodowy Bank Polski. It exclusively services T-bills (issued by Ministry of Finance periodically) and NBP-bills (issued by NBP in open market operations which are the main instrument of monetary policy) - basically a primary market which entails a relatively small group of highly expertised institutions (mainly banks). Moreover, SKARBNET4 has no operational connections with other deposits. Therefore, the billing processes in the system are simplified and, additionally, the billing cycle in SKARBNET4 is synchronized with the fees charged by NBP for keeping cash accounts in the RTGS PLN system - SORBNET2.

The operator of the system decided to only implement Standard 1: ISO 20022 Messaging as far as it concerns “provide” camt.077 messages, with the remaining standards recognised as not applicable. With regard to Standard 1, the operator of the system does not anticipate receiving any billing information using the billing report message (camt.077) from SKARBNET4 participants.

The remaining standards are not applicable as the only fee charged for providing a deposit account in SKARBNET4 (in addition to a one-time fee of PLN 25,000.00 for opening the account) is a flat fee of PLN 3,000.00. The fee is collected once per quarter and is equal for all participants; therefore, participants do not have to check the accuracy of its calculation. Furthermore, the fee is collected by NBP by debiting a participant's bank account on the basis of its prior authorization. Therefore, NBP does not issue invoices and a participant does not have to issue the order themselves.

The delay in starting the implementation of Standard 1 was due to prioritisation of the pre-existing process of implementing EU Regulation 2018/1229 on settlement discipline, which turned out to be very demanding. Meeting milestones 7 to 11 is slightly delayed. The remaining milestones are scheduled to be met on time, including the final implementation date of April 2024.

Custodians

Two entities responded to the current round of the survey.

The entities indicated that they have implemented Standard 2: Billing Cycle. The implementation of the remaining Standards is postponed until either 2025 or Wave 2, when account servicers will be obliged to offer ISO 20022 messaging to clients that have the capability to use the ISO 20022 protocol.

Standards 3 and 4 are irrelevant for custodians.

Low participation among custodians.

2 Compliance level with the standards

This section provides an overview of the current status of compliance with the billing processes 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 are too many to represent individually. Thus, the replies of custodians 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
Summary of the monitoring exercise



- 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	Custodians	CSD - KDPW	CSD - SKARBNET4
1: ISO 20022 messaging	0%	Y	G
2: Billing cycles	29%	B	N/A
3: Cut-off date		B	N/A
4: Dates for payments fees		Y	N/A

Notes:

- Standards 3 and 4 are irrelevant for custodians
- 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.
- For custodians the % indicates the percentage of custodians which have implemented the standard or have the standard under development and implementation.
- Percentages are calculated on the basis of actual respondents

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 8 April 2024 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?	10/03/2023
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)?	22/05/2023
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?	22/05/2023
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)?	16/02/2024
M13	SCoRE Standards Implemented: have the SCoRE Standards been implemented?	08/04/2024

The current H1 2023 monitoring exercise focuses on milestones 1 to 9 given that Milestone 9 “Internal testing Complete for SCoRE” (with a deadline of 10 March 2023) 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
Expectation of achieving the milestones at the set dates

	Custodians	CSD - KDPW	CSD - SKARBNET4
Milestone 1 June 2020	14%	Yes	Yes
Milestone 2 March 2021	14%	Yes	Yes
Milestone 3 July 2021	14%	11/23	Yes
Milestone 4 December 2021	14%	11/23	Yes
Milestone 5 December 2021	14%	11/23	Yes
Milestone 6 January 2022	14%	11/23	Yes
Milestone 7 June 2022	14%	11/23	05/23
Milestone 8 July 2022	14%	11/23	05/23
Milestone 9 March 2023	14%	11/23	05/23
Milestone 10 May 2023	14%	11/23	Yes
Milestone 11 May 2023	14%	11/23	06/23
Milestone 12 February 2024	29%	Yes	Yes
Milestone 13 April 2024	29%	Yes	Yes

4 Concluding remarks

Both CSDs expect to meet the final implementation milestone on time.

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