

SCoREBOARD

Billing Processes – H1 2023

Hungarian 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 Hungarian NSG with the involvement among the following stakeholders:

- 1 CSD – KELER
- 8 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

9 entities are monitored in the Hungarian market

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 Hungarian market is behind schedule based on the agreed milestones

KELER CSD and 1 Custodian out of 8 responded to the H1 2023 survey, which is a lower number of responses compared to H2 2022. This section presents the key findings of the survey for each entity type. Previous answers are also considered.

KELER CSD and the respondent Custodian are behind schedule based on the agreed milestones.

Figure 1
Summary of the monitoring exercise

 <small>SMALL COLLATERAL MANAGEMENT RULEBOOK FOR EUROPE</small>	 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	13%	Implemented 4.16% Implementation started 0% Analysis started 8.33% Analysis not started 0% Non applicable standards 0% Replies not submitted 87.5%	Average % of milestones achieved 3%	% of custodians on time 13%
CSD - KELER	Survey submitted	Implemented 0% Implementation started 0% Analysis started 60% Analysis not started 40% Non applicable standards 0% Replies not submitted 0%	No	11/26

KELER CSD is behind schedule based on the agreed milestones, with analysis being conducted regarding Standards 2 to 4

CSD - KELER

KELER CSD follows a two-tiered approach regarding the implementation of the Billing Processes Standards, with different target dates applying to Standard 1 and Standards 2 to 4.

KELER CSD plan to start the necessary analyses regarding the implementation of Billing Standard 1 on ISO 20022 messaging on 1 June 2023 with a planned implementation date of 30 November 2026. These plans are behind schedule based on the agreed milestones, but on schedule according to KELER CSD's approved adaptation plan.

KELER CSD planned to start implementation on Standards 2 to 4 by 1 December 2022, i.e. with an 16-month delay compared to the agreed deadline; however, the final deadline is not at risk. This is reflected in KELER CSD's current compliance status. KELER CSD also indicated that it expects delays in milestones 3, 4, 5, 7, 8, 9 and 11, but will meet the other milestones of Standards 2 to 4 on time, meaning that the final deadline – Milestone 13– is not at risk and it will be achieved at the latest by May 2024. Similarly, to Standard 1 above, KELER CSD is on schedule according to its approved adaptation plan.

Custodians

One custodian responded to the survey

The respondent custodian indicated the following levels of compliance with the Standards.

For Standard 1 on receiving ISO messages, the Custodians indicated ongoing analysis.

For Standard 2 on Billing cycles, the Custodian indicated full compliance.

The Custodian indicated that Milestones are slightly behind schedule.

In the previous survey, for Standard 1 on providing ISO messages, 6 Custodians indicated ongoing analysis, and 1 indicated that it does not find the Standard applicable.

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 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	Custodians	CSD - KELER
1: ISO 20022 messaging	0%	R
2: Billing cycles	13%	Y
3: Cut-off date		Y
4: Dates for payments fees		Y

Notes:

- For CSDs and TPAs the colour-code reflects the current implementation status of each Standard in accordance with the methodology outlined in Box 1 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 expected respondents, i.e. number of entities monitored in the market.

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.

As already indicated in Section 1 KELER CSD follows a two-tiered approach regarding the implementation of the Billing Processes Standards, with different target dates applying to Standard 1 and Standards 2 to 4. KELER CSD plans to comply with standards 2-4 by May 2024 however with Standard 1 by November 2026.

Target dates reported in H1 2023 monitoring exercise applies to Standards 2-4 in case of Milestones 1-12, target date of milestone 13 refers to Standard 1.

Table 3
Expectation of achieving the milestones at the set dates

	Custodians	CSD - KELER
Milestone 1 June 2020	13%	Yes
Milestone 2 March 2021	13%	Yes
Milestone 3 July 2021	0%	09/23
Milestone 4 December 2021	0%	10/23
Milestone 5 December 2021	0%	10/23
Milestone 6 January 2022	0%	Yes
Milestone 7 June 2022	0%	10/23
Milestone 8 July 2022	0%	11/23
Milestone 9 March 2023	0%	12/23
Milestone 10 May 2023	0%	Yes
Milestone 11 May 2023	0%	05/24
Milestone 12 February 2024	13%	Yes
Milestone 13 April 2024	13%	11/26

4 Concluding remarks

KELER CSD and 0% of Custodians indicated that Milestone 6 was met on time. However, in the case of KELER CSD, Milestones 3, 4 and 5 are expected only at later points in time, and the completion of Milestone 6 refers only to Standards 2, 3 and 4. Overall, this shows significant delays in the implementation of the Billing Standards.

However, KELER CSD remains confident that it will achieve the final milestone by the expected deadline of 8 April 2024 (at the latest by May 2024) regarding Standards 2, 3 and 4, which predicts market-wide compliance regarding Standards 2, 3 and 4.

According to KELER CSD's two-tiered approach, it envisions delays with all agreed milestones regarding Standard 1 on ISO 20022 messaging. Nevertheless, KELER CSD does not expect delays compared to its approved adaptation plan, which expects full compliance by 30 November 2026.

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