

SCoREBOARD

Corporate Actions – H1 2022

Slovak 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 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. They have been established in the markets covered by the AMI-SeCo in order to support the implementation of SCoRE.

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 Slovak NSG with the involvement of the following stakeholders:

- 1 CSD – CDCP
- 6 Custodians

- 5 Issuers




This NSG summary report is structured as follows:

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

Not all entities participated in the H1 2022 monitoring exercise, nevertheless the response rate of participation is rather improved. Still, we can report that implementations of Corporate Action standards in the Slovak market is ongoing. We confirm that final implementation date of all standards (November 2023) is largely planned to be met by all participants.

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	67%	Implemented 22.4% Analysis started 7.89% Implementation started 37.0% Analysis not started 3.75%	47%	83%
Issuers	40%	Aware of obligations 6.47% Not aware of obligations 45.2%	n/a	n/a
CSD - CDCP	100%	Implemented 1.68% Analysis started 0% Implementation started 98.3% Analysis not started 0%	No	Yes

CSD – CDCP

CDCP implementation has started and is aimed to be on track

CDCP is already compliant with all rules of Standard 7. The implementation of all other Standards is started. The trend of the implementation status of the standards compared to the last reporting period is improved, even though already at that time it was already positive. There are no issues of concern which need to be highlighted, except that the current reporting milestones are slightly delayed. It is expected that future milestones and the implementation date of November 2023 will be met.

Custodians

Custodians are expected to meet future milestones

Work on meeting the reporting milestone is ongoing. Implementation of the Standards is processing. Trend of the implementation status of the standards is getting better that can be confirmed with the following figures: custodian's compliance status in the Slovak market for reported standards is as follows: About 22.4% of custodians have reported that the standards are already implemented. About 7.89% reported that analysis is started. Furthermore, 37.0% of custodians have reported that implementation has started.

Custodians are aware of their task to process information as communicated by the CDCP and to disseminate this information to clients. It is expected that future milestones and the implementation date of November 2023 will be met. There are no issues of concern which need to be highlighted. Standards 6, 8, 14 are not deemed relevant for custodians and, therefore, there is no listed percentage for these Standards in Table A.

Issuers

Issuers' involvement in monitoring is expected to increase

Although the percentage of issuers that responded to the survey is increased, still not all custodians in their position as issuers responded to the survey. Nevertheless, they confirm their awareness of the Standards relevant to issuers. They confirm that they are aware of their task to provide all relevant data to the Issuer CSD.

One issuer reported that they already fulfil the obligations of Standards 6, 7 and 8. Standards 10, 12, 14 and 15 are not deemed relevant for Issuers and, therefore, there is no listed percentage in Table A.

NCB

Národná banka Slovenska is on track to adopt the SCoRE Standards in November 2023

Národná banka Slovenska is on track to implement the SCoRE Standards for Corporate Actions for its collateral management activities by November 2023.

2 Compliance 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 1 below¹. 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
-

¹ For further details please refer to the [AMI-SeCo Monitoring Framework](#)

Table 1

Compliance level with the standards by each entity type

STANDARD	Custodians	Issuers	CSD - CDCP
1A: Notification	56%	0%	G
1B: Instruction	51%		G
1C: Advise	52%		G
1D: Confirmation	50%		G
1E: Reversal	56%		G
1F: Meeting Notification	51%	0%	G
1G: Meeting Instruction	59%		G
1H: Meeting Results	62%		G
2: Calculation of Proceeds	58%	0%	G
3: Consistency of Information	65%	20%	G
4: Rounding Rule 1	80%	20%	G
4: Rounding Rule 2	80%	0%	G
4: Rounding Rule 3	60%	0%	G
4: Rounding Rule 4	80%	0%	G
4: Rounding Rule 5	60%	0%	G
5: Negative Cash Flows	50%	20%	G
6: Business Day Rule		40%	G
7: Securities Amount Data Rule 1		0%	B
7: Securities Amount Data Rule 2		0%	B
7: Securities Amount Data Rule 3		0%	B
7: Securities Amount Data Rule 4		0%	B
8: Payment Time Rule 1		20%	G
8: Payment Time Rule 2		20%	G
8: Payment Time Rule 3		0%	G
8: Payment Time General Principle 3		0%	G
9: Processing Status	75%	0%	G
10: Blocking Rule 1	60%		G
10: Blocking Rule 2	50%		G
10: Blocking Rule 3	50%		G
10: Blocking Rule 4	50%		G
10: Blocking Rule 5	50%		G
11: Default Option	60%	20%	G
12: Handling of Fees	60%		G
13: Reversal	60%	20%	G
14: Foreign Currency			G
15: ISO 20022 Messaging	59%		G

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.
- 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

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)?	20/03/2022
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
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

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 - CDCP
Milestone 1 June 2020	33%	Yes
Milestone 2 March 2021	50%	Yes
Milestone 3 July 2021	50%	01/22
Milestone 4 December 2021	50%	02/22
Milestone 5 December 2021	50%	Yes
Milestone 6 January 2022	50%	01/22
Milestone 7 June 2022	50%	Yes
Milestone 8 July 2022	50%	Yes
Milestone 9 December 2022	67%	Yes
Milestone 10 March 2023	67%	Yes
Milestone 11 April 2023	67%	Yes
Milestone 12 October 2023	67%	Yes
Milestone 13 November 2023	83%	Yes

4 Concluding remarks

CSD – CDCP achieved the reporting milestones in a slight delay. The in-depth analysis (Milestone 3) finished by January 2022. In the same deadline was completed Milestone 6 (SCoRE Adaptation Started). The documentation was completed (Milestone 4) by February 2022. The remaining milestones are expected to be met on time.

All other reporting entities are largely in the process of achieving the expected milestones. Regarding custodians, Milestone 1 was met by over a third of custodians, Milestones 2 to 8 will be met by a half of custodians on time and Milestones 9 -13 will be met by 67 % of custodians or above on time. Reporting from issuers should be increased. Overall, the status of implementation of the standards is gradually improved also in this monitoring round.

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