

# SCoREBOARD

## Corporate Actions – H1 2022

Italian 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 the Single Collateral Management Rulebook for Europe (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 Italian NSG with the involvement among the following stakeholders:

11 entities are monitored in the Italian market

- 1 CSD – Euronext Securities Milan<sup>1</sup>
- 7 Custodians
- 1 Issuer association
- 2 Issuers

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

Activities regarding the Corporate Action standards in the Italian market are on track.<sup>2</sup>

Implementation of Corporate Actions Standards in the Italian market is on track.

Regarding Standard 6: Business Day Rule, the Italian NSG is actively raising awareness of this standard among all stakeholders and issuers, in collaboration with Italian industry associations. For ISO 20022 Corporate Actions messages, some custodians have stressed that their implementation is requested in Wave 2 (i.e. 2025), while the CSD stated that the implementation of ISO20022 in Wave 1 (i.e. November 2023) is only related to the interaction with the ECMS.




The majority of the reporting entities responded to the survey. This section presents the key findings of the survey for each entity type.

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<sup>1</sup> Euronext Securities Milan is the new commercial name for the legal entity Monte Titoli.

<sup>2</sup> Implemented on time reflects the entity's expected ability to achieve the final milestone on time

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)?
<b>Custodians</b>	100%	Implemented 62.6% Analysis started 22.6% Implementation started 8.73% Analysis not started 2.69%	45%	100%
<b>Issuers</b>	100%	Aware of obligations 86.2% Not aware of obligations 13.7%	n/a	n/a
<b>CSD - Euronext Securities Milan</b>	100%	Implemented 7.81% Analysis started 0% Implementation started 47.9% Analysis not started 44.2%	No	Yes

### CSD – Euronext Securities Milan

Euronext Securities Milan adaptation activities are ongoing.

Euronext Securities Milan’s adaptation activities are ongoing: 7.81% of the standards are already implemented while implementation started for 47.9% of the standards. For Corporate Action events related to non-debt instruments, analysis has not started yet as the final implementation date is expected to be January 2026 (explaining the 44.2% of the standards not yet analysed).

Adaptations are related to Standard 1A-1F, Standard 2 and 3 (for debt-instrument events), Standard 5: Negative Cash Flows, Standard 6: Business Day Rule, Standard 8: Payment Time,<sup>3</sup> Standard 10: Blocking, Standard 11: Default Options, Standard 13: Reversal, Standard 14: Foreign Currency, and Standard 15: ISO 20022. As for the ‘Meeting’ Standards (i.e. 1F, 1G, 1H), Euronext Securities Milan confirmed that they will implement only the ‘Notification’ Process and Workflow (i.e. 1F).

The Standard 15: ISO 20022 will be implemented by November 2023 only for interaction with the ECMS platform; any ISO20022 messages exchanged with other CSD participants will be developed by January 2026.

### Custodians

<sup>3</sup> For simultaneous settlement of cash and security movements.

There was a high response rate among custodians. All custodians have responded to the survey; at the aggregate level, about 62.5% of the standards are already implemented, 22.6% of them have started the analysis for adaptation of the standards, while 6.7% have started implementation.

The standards under analysis are similar to those reported by the CSD; most of the ongoing implementation is related to Standard 3: Consistency of Information and Standard 1: Business Processes and Workflows, in particular for meeting events.

### **Issuers**

The questionnaire for issuers was sent to ASSONIME, the Association of Italian Joint Stock Companies, and two financial issuers.

It was confirmed that issuers can act according to almost all the standards (86.2%); Standard 1F: Meeting Event Notifications was not confirmed as the Italian issuers do not provide the Issuer CSD with all information among those listed in the standard itself. For Standard 2: Calculation of Proceeds and Standard 3: Consistency of Information some corporate action events are not used in the Italian market.

Moreover, Standard 5: Negative Cash Flow has to be further assessed by issuers.

Regarding Standard 6: Business Day Rule, it was confirmed that new securities issuances (as of November 2023) will be in accordance with the standard. On this point, the Italian NSG is actively raising awareness of this standard among all stakeholders and issuers, in collaboration with Italian industry associations.

### **NCB**

Banca d'Italia is on track to adopt the SCoRE Standards for Corporate Actions for its collateral management activities by November 2023.

The Italian NSG is actively raising awareness of the Standards amongst issuers.

Banca d'Italia is on track to adopt the SCoRE Standards by November 2023

## 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	Custodians	Issuers	CSD - Euronext Securities Milan
1A: Notification	71%	100%	G
1B: Instruction	75%		G
1C: Advise	49%		G
1D: Confirmation	55%		G
1E: Reversal	50%		G
1F: Meeting Notification	59%	80%	G
1G: Meeting Instruction	67%		N/A
1H: Meeting Results	43%		N/A
2: Calculation of Proceeds	85%	33%	Y
3: Consistency of Information	82%	67%	Y
4: Rounding Rule 1	100%	100%	B
4: Rounding Rule 2	86%	100%	B
4: Rounding Rule 3	86%	100%	B
4: Rounding Rule 4	86%	100%	B
4: Rounding Rule 5	100%	100%	B
5: Negative Cash Flows	57%	33%	G
6: Business Day Rule		100%	G
7: Securities Amount Data Rule 1		100%	B
7: Securities Amount Data Rule 2		100%	B
7: Securities Amount Data Rule 3		100%	B
7: Securities Amount Data Rule 4		67%	B
8: Payment Time Rule 1		100%	B
8: Payment Time Rule 2		100%	B
8: Payment Time Rule 3		100%	G
8: Payment Time General Principle 3		67%	B
9: Processing Status	43%	100%	G
10: Blocking Rule 1	57%		G
10: Blocking Rule 2	29%		N/A
10: Blocking Rule 3	29%		N/A
10: Blocking Rule 4	29%		G
10: Blocking Rule 5	43%		N/A
11: Default Option	100%	100%	G
12: Handling of Fees	57%		N/A
13: Reversal	29%	100%	G
14: Foreign Currency			G
15: ISO 20022 Messaging	20%		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.

- 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	<b>Analysis Started:</b> 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	<b>Initial Communication:</b> Has initial high-level communication with external stakeholders on the changes introduced by SCoRE commenced?	01/03/2021
M3	<b>Analysis Completed:</b> Have you completed an in-depth analysis of all applicable SCoRE Standards?	31/07/2021
M4	<b>Documentation Completed:</b> 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	<b>Detailed External Communication:</b> 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	<b>SCoRE Adaptation Started:</b> Have you started to adapt/develop the processes and procedures in order to comply with the SCoRE Standards?	01/01/2022
M7	<b>SCoRE Adaptation Complete:</b> Have you completed the necessary adaptations/developments for the processes and procedures in order to comply with the SCoRE Standards?	30/06/2022
M8	<b>Internal Testing Started for SCoRE:</b> 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	<b>Internal Testing Complete for SCoRE:</b> Have you completed the necessary internal testing?	02/12/2022
M10	<b>External Testing Started for SCoRE:</b> 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	<b>Final External Communication on SCoRE:</b> 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	<b>External Testing Completed for SCoRE:</b> 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	<b>SCoRE Standards Implemented:</b> 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 - Euronext Securities Milan
Milestone 1 June 2020	71%	Yes
Milestone 2 March 2021	71%	Yes
Milestone 3 July 2021	29%	03/22
Milestone 4 December 2021	43%	03/22
Milestone 5 December 2021	29%	06/22
Milestone 6 January 2022	29%	03/22
Milestone 7 June 2022	29%	02/23
Milestone 8 July 2022	57%	02/23
Milestone 9 December 2022	43%	05/23
Milestone 10 March 2023	43%	05/23
Milestone 11 April 2023	71%	Yes
Milestone 12 October 2023	86%	10/23
Milestone 13 November 2023	100%	Yes

#### 4 Concluding remarks

Regarding Euronext Securities Milan's planning, a yellow status is assigned to the current Milestones. However, only Milestone 5 (External Communication) is pending and scheduled to be completed by June 2022. Instead, Milestone 3 (Analysis completed), Milestone 4 (Documentation completed) and Milestone 6 (Adaptation started), despite with some delay, have been completed in March 2022.

Regarding the future milestones, those related to external testing activities have been postponed: testing will start in May 2023 (instead of March 2023) and it will end by October 2023. The go-live is confirmed by the November 2023 deadline.

Half of custodians have completed the current milestones; regarding the implementation activities for Milestone 6 (Adaptation started), only 2 custodians have met the deadline (the remaining entities will start the software adaptation over the course of 2022). For future milestones, as a consequence of the delay of the starting of the implementation, the lowest percentage of compliance - 29% - is for Milestone 7 (Adaptation finished) (which will be completed by almost all custodians by June 2023).

All custodians confirmed that they will implement the SCoRE standards by November 2023 (Wave 1), except for ISO 20022, which will be met by Wave 2 (i.e. 2025).

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