

# SCoREBOARD

## Corporate Actions – H2 2023

Estonian 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 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 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 H2 2023 monitoring exercise conducted by the Estonian NSG with the involvement among the following stakeholders:

7 entities are monitored in the Estonian market

- 1 CSD – Nasdaq CSD
- 4 Custodians
- 2 Issuers

The findings of the monitoring exercise reflect the Milestones roadmap in place by the time the survey closed (i.e., 13 October 2023) and do not yet consider the AMI-SeCo reflections on the rescheduling of the existing SCoRE Standards implementation deadline from 8 April 2024 to 18 November 2024. In this monitoring exercise, participants were expected to have achieved all the milestones up to Milestone 11 inclusive “Final external communication on SCoRE” (with a deadline of 22 May 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 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.

## Key takeaways

CSD implementation of the Corporate Action Standards is on track.

Nasdaq CSD SE and 2 of custodians and 2 issuers responded to the survey. The Estonian CSD - Nasdaq CSD - is on schedule.

**Figure 1**  
**Summary of the monitoring exercise**

	 Response Rate	 Implementation Status of the standards	Are all milestones 1 to 11 inclusive achieved?	Will the last milestone 13 be implemented on time (i.e. by 08 April 2024)?
Custodians	50%	Implemented 12.8% Implementation started 0.88% Analysis started 19.1% Analysis not started 0% Non applicable standards 17.1% Replies not submitted 50%	Average % of milestones achieved 2%	% of custodians on time 25%
Issuers	100%	Aware of obligations 86.3% Not aware of obligations 13.6% Replies not submitted 0%	NA (milestones irrelevant for issuers)	NA
CSD - NASDAQ	Survey submitted	Implemented 79.1% Implementation started 16.1% Analysis started 0.85% Analysis not started 0% Non applicable standards 3.82% Replies not submitted 0%	No	Yes

Custodians' response rate (50%) remained low, and it is affected from the fact that not all Estonian custodians change SWIFT messages between themselves and CSD and therefore didn't answer the questions.

Estonian issuers are aware of their obligations. Some of them can't provide input as the corporate events team does not currently have any collateral activities. But they took notice of these standards and are aware about their responsibilities towards CSD in relation to corporate actions.

## CSD – Nasdaq CSD

Nasdaq is confident that full compliance will be achieved on time

Implementation of the Standards has started, with 79% already implemented. Several standards are also in the process of implementation; however, some specific standards are behind schedule. For some standards no market practice to pay incentives exists and some are still analysed. Despite this, there are no specific issues of concern to highlight.

The milestones are not all achieved by now, mostly because of ongoing projects and lack of resources. Some milestones are behind schedule, but Nasdaq has confidence that most milestones will be met on time and some will be met by February 2024

## Custodians

No issues of concern identified

There are no specific issues which are identified with the implementation of the standards by custodians. Analysis is not needed in many cases as several of Estonian custodians do not use SWIFT when communicating with the CSD regarding corporate actions.

## Issuers

Issuers confirm awareness of obligations

Issuers took notice of their obligations under the SCoRE Standards. No issues relating to the standards need to be highlighted.

## NCB

Eesti Pank is on track to adopt the SCoRE Standards in November 2024

Eesti Pank is on track to implement the SCoRE Standards for Corporate Actions for its collateral management activities by November 2024.

## 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 - NASDAQ
1A: Notification	29%	100%	G
1B: Instruction	0%		B
1C: Advise	0%		G
1D: Confirmation	0%		G
1E: Reversal	0%		B
1F: Meeting Notification	26%	100%	B
1G: Meeting Instruction	33%		B
1H: Meeting Results	29%		Y
2: Calculation of Proceeds	0%	100%	G
3: Consistency of Information	25%	100%	G
4: Rounding Rule 1	50%	100%	B
4: Rounding Rule 2	50%	100%	B
4: Rounding Rule 3	50%	100%	B
4: Rounding Rule 4	50%	100%	G
4: Rounding Rule 5	50%	100%	B
5: Negative Cash Flows	25%	100%	B
6: Business Day Rule		100%	B
7: Securities Amount Data Rule 1		100%	B
7: Securities Amount Data Rule 2		100%	N/A
7: Securities Amount Data Rule 3		50%	B
7: Securities Amount Data Rule 4		50%	B
8: Payment Time Rule 1		50%	B
8: Payment Time Rule 2		50%	B
8: Payment Time Rule 3		50%	G
8: Payment Time General Principle 3		50%	B
9: Processing Status	25%	100%	G
10: Rule 1	25%		B
10: Rule 2	25%		B
10: Rule 3	25%		B
11: Default Option	50%	100%	B
12: Handling of Fees	25%		G
13: Reversal	25%	100%	B
14: Foreign Currency			B
15: ISO 20022 Messaging	12%		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 % indicates the percentage of custodians which have implemented the standard or have the standard 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 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 to achieve compliance and implementation of the standards. The Milestone dates refers to the timeline in place at the moment of survey closing (i.e., 13 October 2023) and do not yet consider the AMI-SeCo reflections on the rescheduling of the existing SCoRE Standards implementation deadline from 8 April 2024 to 18 November 2024.

**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?	10/03/2023
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)?	22/05/2023
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?	22/05/2023
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)?	16/02/2024
M13	<b>ScoRE Standards Implemented:</b> have the ScoRE Standards been implemented?	08/04/2024

The current H2 2023 monitoring exercise focuses on milestones 1 to 11 given that Milestone 11 “Final external communication on SCoRE” (with a deadline of 22 May 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**  
Entities' expectation of achieving the milestones at the set dates

	Custodians	CSD - NASDAQ
Milestone 1 June 2020	25%	Yes
Milestone 2 March 2021	0%	Yes
Milestone 3 July 2021	0%	Yes
Milestone 4 December 2021	0%	Yes
Milestone 5 December 2021	0%	Yes
Milestone 6 January 2022	0%	Yes
Milestone 7 June 2022	0%	11/23
Milestone 8 July 2022	0%	Yes
Milestone 9 March 2023	0%	11/23
Milestone 10 May 2023	0%	Yes
Milestone 11 May 2023	0%	Yes
Milestone 12 February 2024	25%	Yes
Milestone 13 April 2024	25%	Yes

## 4 Concluding remarks

NASDAQ is on track to achieve the milestones on time. Milestones 1-6, 8, 10 and 11 are achieved by now. M7 and M9 are still analysed but it is expected that they will be achieved by February 2024. Nasdaq CSD is aware, that starting from November 2024 Nasdaq CSD, as one of the actors involved (in a role of the CSD) shall ensure compliance with the SCoRE CA standards.

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