

SCoREBOARD

Corporate Actions – H1 2023

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

- 1 CSD – Clearstream Banking Frankfurt
- 16 Custodians
- 8 Issuers

25 entities are monitored in the German market

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 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 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

Implementation of the Corporate Action Standards in the German market is mostly on track

The overall implementation of the Corporate Actions Standards in the German market is mostly on track; however, a more detailed view shows a mixed image.

Figure 1
Summary of the monitoring exercise

	 Response Rate	 Implementation Status of the standards	Are all milestones 1 to 9 inclusive achieved?	Will the last milestone 13 be implemented on time (i.e. by 08 April 2024)?
Custodians	94%	Implemented 29.7% Implementation started 15.5% Analysis started 26.1% Analysis not started 0.5% Non applicable standards 21.7% Replies not submitted 6.25%	Average % of milestones achieved 35%	% of custodians on time 50%
Issuers	75%	Aware of obligations 38.2% Not aware of obligations 36.7% Replies not submitted 25%	NA (milestones irrelevant for issuers)	NA
CSD - Clearstream Banking Frankfurt	Survey submitted	Implemented 22.5% Implementation started 61.2% Analysis started 1.27% Analysis not started 1.27% Non applicable standards 13.6% Replies not submitted 0%	No	Yes

Clearstream Banking Frankfurt adaptation activities are ongoing: considering only the standards applicable for CBF (i.e. excluding 13,6% of the standards/rules that are not applicable), 26,1 % of the Corporate Actions standards are already implemented while implementation started for 70,9% of the standards. The analysis has started for 1,5% of the standards and it has not started for an additional 1,5% of them. Thirty-two specific rules within the standards are not applicable to CBF. Hence, overall implementation is on track.

Clearstream Banking Frankfurt has reported a delay on the current Milestones 7 (SCoRE Adaptation Completed) and 8 (Internal Testing Started). It will reach Milestone 7 by October 2023 and met Milestone 8 by May 2023 respectively. Milestone 9 (Internal Testing Completed) will be met by November 2023. Milestone 10 (External Testing Started) will be met by CBF in August 2023.

Clearstream Banking Frankfurt informed that it will cease to be a Triparty Agent as of ECMS Go Live. From this date on Clearstream Banking Luxembourg will apply the harmonised triparty model and act as sole provider of TPA services within Clearstream group. For this reason, Clearstream Banking Frankfurt as TPA will no longer be monitored within this exercise.

The implementation status of German custodians varies - depending on the specific standard - within the range of between 29% and 75%.

About 50% of custodians confirm that they will meet the targets as specified by the AMI-SeCo's milestones.

More than a third of the issuers confirm awareness of their obligations.

CSD – Clearstream Banking Frankfurt

Clearstream Banking Frankfurt adaptation activities are ongoing: 22,5 % of the Corporate Actions standards are already implemented while implementation started for 61,2% of the standards. The analysis has started for 1,27% of the standards. 13,6% of the standards are not applicable. Hence, overall implementation is on track.

CBF is in process of development and implementation of corporate actions standards

More in detail, out of the 34 sets of standards/rules mentioned in table 1 below, 8 have already been implemented and 20 are on ongoing development and implementation. 2 sets of Standards (Standard 12 – Handling of Fees and Standard 1H: Meeting Results) are under ongoing analysis. Standard 5 – Negative cash flow is considered not applicable: CBF will not accept assets with fixed negative rate for floating rate securities (as Issuer CSD a floor is set at zero). As Issuer CSD, CBF is therefore compliant with Standard 5 and will publish corresponding guidance. As Investor CSD, the only market where CBF processes negative interest flows is the Danish market, where a different model applies. For all other markets CBF will apply a floor of zero.

For Standard 4 Rule 1-3 analysis has not started yet. The implementation is currently planned for after the go live of ECMS due to the big changes necessary and unclarity how exactly to comply with the standard.

Clearstream Banking Frankfurt has reported a delay on the current Milestones 7 (SCoRE Adaptation Completed) and 8 (Internal Testing Started). It will reach Milestone 7 by October 2023 and met Milestone 8 by May 2023 respectively. Milestone 9 (Internal Testing Completed) will be met by November 2023.

Milestone 10 (External Testing Started) will be met by CBF in August 2023.

All other Milestones remain on track.

TPA – Clearstream Banking Frankfurt

CBF as TPA will be no longer monitored

Clearstream Banking Frankfurt informed that it will cease to be a Triparty Agent as of ECMS Go Live. From this date on Clearstream Banking Luxembourg will apply the harmonised triparty model and act as sole provider of TPA services within Clearstream group. For this reason, Clearstream Banking Frankfurt as TPA will no longer be monitored within this exercise.

Custodians

50% of custodians in the German market have commenced internal analysis (Milestone 1)

There was a high response rate among custodians. Almost all custodians have responded (94% response rate)

Overall, the respondents have already implemented 29,7% of the Corporate Actions standards. For about 26,1% the analysis has started, while for 15,5% implementation has started. The analysis of 0,5% of the standards has not yet started. 21,7% of the standards are not applicable to them.

The level of compliance varies significantly across the different Standards.

Out of the 24 sets of Corporate Actions standards/rules applicable to custodians, the adoption rate is above 60% for 13 of them and highest compliance status of 75% is achieved for Standard 11 (Default Option). The lowest compliance status of 29% is achieved for Standard 15 (ISO 20022 messaging).

As regards the implementation milestones, only 25% of the custodians have already reached the current milestones (Milestone 9 - Internal Testing Complete) on time. The recent Milestone 8 (Internal Testing Started for SCoRE) and Milestones 7 (SCoRE Adaptation Completed) have been met by 25% and 19% of custodians respectively. Milestone 10 (External Testing Started) will be met according to the specified timeline by 25% of the custodians. The final Milestone 13 (SCoRE Standards Implemented) will presumably be met by 50% of custodians.

More than a third of Issuers confirms awareness of obligation

Issuers

Issuers were asked to confirm awareness of their obligation to provide all relevant information to the Issuer CSD (on a Yes/No basis). Confirmed awareness by Issuers ranges - depending on the relevant standard – between 10% (Standard 1F Meeting Notification) and 75% (Standard 6 Business Day Rule and Standard 7 – Securities Amount Data Rule 1).

NCB

Deutsche Bundesbank is on track to adopt the AMI-SeCo Standards by April 2024

Deutsche Bundesbank is on track to implement the SCoRE Standards for Corporate Actions for its collateral management activities by April 2024.

2

Compliance level with the standards

This section provides an overview of the current status of compliance with the corporate actions standards. CSDs 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 - Clearstream Banking Frankfurt
1A: Notification	68%	23%	G
1B: Instruction	64%		G
1C: Advise	52%		G
1D: Confirmation	55%		G
1E: Reversal	46%		G
1F: Meeting Notification	74%	10%	G
1G: Meeting Instruction	71%		G
1H: Meeting Results	54%		Y
2: Calculation of Proceeds	69%	25%	G
3: Consistency of Information	61%	13%	G
4: Rounding Rule 1	73%	38%	R
4: Rounding Rule 2	67%	38%	R
4: Rounding Rule 3	73%	75%	R
4: Rounding Rule 4	62%	50%	G
4: Rounding Rule 5	71%	63%	B
5: Negative Cash Flows	45%	38%	N/A
6: Business Day Rule		75%	G
7: Securities Amount Data Rule 1		75%	G
7: Securities Amount Data Rule 2		63%	B
7: Securities Amount Data Rule 3		50%	B
7: Securities Amount Data Rule 4		50%	B
8: Payment Time Rule 1		63%	G
8: Payment Time Rule 2		25%	G
8: Payment Time Rule 3		63%	B
8: Payment Time General Principle 3		50%	B
9: Processing Status	43%	63%	G
10: Rule 1	57%		G
10: Rule 2	69%		G
10: Rule 3	54%		G
11: Default Option	75%	38%	B
12: Handling of Fees	38%		Y
13: Reversal	36%	25%	G
14: Foreign Currency			B
15: ISO 20022 Messaging	29%		G

Notes:

- * Standard 7 – Rule 1: No information is available regarding already issued securities not complying with this rule
- For CSDs and TPAs the colour-code reflects the current implementation status of each Standard in accordance with the methodology outlined in figure 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 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

Entities' expectation of achieving the milestones at the set dates

	Custodians	CSD - Clearstream Banking Frankfurt
Milestone 1 June 2020	50%	Yes
Milestone 2 March 2021	50%	Yes
Milestone 3 July 2021	25%	Yes
Milestone 4 December 2021	38%	Yes
Milestone 5 December 2021	38%	Yes
Milestone 6 January 2022	50%	Yes
Milestone 7 June 2022	19%	10/23
Milestone 8 July 2022	25%	05/23
Milestone 9 March 2023	25%	11/23
Milestone 10 May 2023	25%	08/23
Milestone 11 May 2023	31%	Yes
Milestone 12 February 2024	44%	Yes
Milestone 13 April 2024	50%	Yes

4 Concluding remarks

Clearstream Banking Frankfurt has reported a delay on the current Milestones 7 (SCoRE Adaptation Completed), 8 (Internal Testing Started) and 9 (Internal Testing Complete). It will reach Milestone 7 by October 2023, met Milestone 8 by May 2023 respectively. Milestone 9 (Internal Testing Completed) will be met by November 2023.

Milestone 10 (External Testing Started) will be met by CBF in August 2023.

In addition, Clearstream Banking Frankfurt provided the following information:

For Milestone 7,8,9: Standard 12 is still being analysed regarding feasibility. Standard 15 at significant risk owing to ECMS message version issue. Launch date is still supported, however actions are now required to mitigate issues impacting the User Testing dates in line with ECMS User Test. A significant increase in risk has been seen for some standards since the last report owing to issues with ECMS (e.g. message versions) and as a knock on effect of the late publication on the current version of the standards.

For Milestone 10: the date entered reflects their current plan which is in line with the first planned User Test of ECMS, during which SCoRE compliance will be externally tested with ECMS. However, the scope of this first test is severely at risk owing to the issues with ECMS (e.g. message versions) and as a knock on effect of the late publication on the current version of the standards.

© European Central Bank, 2023

Postal address 60640 Frankfurt am Main, Germany

Telephone +49 69 1344 0

Website www.ecb.europa.eu

All rights reserved. Reproduction for educational and non-commercial purposes is permitted provided that the source is acknowledged.

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