

SCoREBOARD

Triparty Collateral Management – H1 2022

French 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.

The Single Collateral Management Rulebook for Europe (SCoRE) contains 17 Standards related to triparty collateral management (published as the [SCoRE Standards for Triparty Collateral Management](#)). Implementation progress is monitored twice per year.

Introduction

This summary report presents the results of the H1 2022 monitoring exercise conducted by the French NSG with the involvement among the following stakeholders:

- 2 TPAs – BNP Paribas and Euroclear France

There are two TPAs monitored in the French market

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 milestones up to Milestone 6 inclusive as described in section 3 below.

Section 1 presents the key takeaway. Section 2 depicts the entity compliance status with the standards. Section 3 provides an overview of the progress against the individual milestones and section 4 focuses on concluding remarks.




1 Key takeaways

Implementation of the Triparty Collateral Management Standards in the French Market is generally on track

The two reporting entities fully responded to the survey in a timely manner. The French NSG secretariat continues its close follow-up on triparty standards for the months to come in order to ensure the timely implementation of future milestones.

This section presents the key findings of the survey for each entity type.

Summary of the monitoring exercise

	 Response Rate	 Implementation Status	Are all milestones 1 to 6 inclusive achieved?	Will the last milestone 13 be implemented on time (i.e. by 20 November 2023)?
TPA - BNP Paribas	100%	Implemented 10% Analysis started 56.6% Implementation started 33.3% Analysis not started 0%	Yes	Yes
TPA - Euroclear France	100%	Implemented 24.2% Analysis started 51.5% Implementation started 6.06% Analysis not started 18.1%	No	01/25

TPA – BNP Paribas

BNP Paribas implementation is on schedule. This entity expects to meet all dates of future implementation milestones by November 2023.

BNP Paribas (BNPP) has fully completed the monitoring survey in a timely manner. 10% of the TPA standards have already been implemented by this agent, and 33.3% are under implementation, while analysis has started for the remaining 56.6%. This is a relevant improvement compared to the previous monitoring, mainly related to the standards which are under implementation – one-third now versus 14.2% in H2 2021 – meaning that the implementation rate should further improve during the next monitoring exercises.

Out of the 14 sets of standards gathered in the SCoREBOARD applicable to this agent's triparty business (which does not encompass the collateralisation of Eurosystem central bank credit operations), 3 have been fully implemented (same result as for the previous monitoring), 10 are on schedule for implementation (respectively 5 in H2 2021) and only 1 is behind schedule (respectively 6 in H2 2021). These figures illustrate the aforementioned improvement and sets expectations for the near future. BNPP has achieved past milestones (1 to 6) on time and expects to meet all the next implementation milestones by November 2023.

TPA – Euroclear France

Euroclear France is not on track to complete all the milestones, compliance with the Single Triparty Model (STM) will only be achieved after November 2023. Euroclear France is currently giving priority to the adaptations needed to secure the continuity of its Floating Collateral Management Service (FCM) and will proceed with the implementation of the STM afterward.

Euroclear France has completed the monitoring survey in a timely manner. 24.2% of the TPA standards have already been implemented and 6.06% are under implementation. For 51.5% the analysis has started while for the remaining ones the analysis has not started yet (18.1%). These figures are relatively stable compared to the previous monitoring, except for the percentage of standards under implementation which has reduced to the benefit of the percentage “under analysis” (Euroclear France had reported during the previous monitoring that adaptations were still required to support the new ISO 20022 messaging format for Triparty collateral management and certain Triparty processes specific to central banks).

All in all, this lack of progress is consistent with the expectations that Euroclear France will adopt the triparty standards with a delay. Euroclear France decided to prioritise all the necessary adaptations to secure the continuity of its Floating Collateral Management (FCM) service by the go-live of the ECMS (the FCM being already used in production by its clients). Furthermore, given the operational dependency between Euroclear France and Euroclear Bank, and in the light of the forthcoming connection of the latter to T2S, Euroclear France decided to postpone the implementation of the Single Triparty Collateral Management model (STM). It plans to provide a detailed adaptation plan for the latter by 2023.

At a more granular level, out of the 17 sets of standards gathered in the SCoREBOARD, 5 have been adopted (blue), 2 are on schedule for implementation (green) and 10 are not on schedule (yellow).. Indeed, for standards 2 to 11 to be assigned full compliance/on track, all the data elements and the ISO 20022 messaging need to be implemented (which is not already the case). These results are unchanged compared to H2 2021.

Finally, if Euroclear France has reached in due time the first 5 milestones, it anticipates a delay (Jan. 2025) for all the milestones starting from milestone 6 (planned for January 2022).

CCPs

LCH SA, the French CCP, has not already started adaptations to relevant triparty standards

CCPs are monitored in their role as users of Triparty Collateral Management Services. As such, they are assessed on their ability to communicate with their TPAs using ISO 20022 messaging. Hence, in 2021, the Banque de France Oversight division questioned LCH SA regarding its expected adaptation to the ISO 20022 messaging format. While LCH SA is aware of the existence of triparty standards and

has initiated talks with Euroclear France on the topic, the CCP confirmed that it has not yet started the related adaptations in 2021.

NCB

Banque de France will adopt the Single Triparty Model in November 2023,

Banque de France is on track to implement the SCoRE standards for Triparty Collateral Management by November 2023.

2 Compliance level with the standards

This section provides an overview of the current status of compliance with the triparty collateral management standards. TPAs are monitored on an individual basis and are assigned a colour-code status in accordance with the methodology outlined in figure 2 below.

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

STANDARD	TPA - BNP Paribas	TPA - Euroclear France
1: ISO 20022 messaging	Y	Y
2: Initiation	G	Y
3: Increase	G	Y
4: Decrease	G	Y
5: Revaluation	G	Y
6: Cancellation	G	Y
7: Unilateral removal	G	Y
8: Reporting on flows	G	Y
9: Reporting on stocks	G	Y
10: Closure	G	Y
11: Handling of CA	N/A	N/A
12: Partial settlement	B	B
13: Reference data	G	N/A
14: Usage of baskets	B	B
15: Future dated	B	B
16: Operating hours	N/A	B
17: Cut-off Times Rule 1	N/A	B
17: Cut-off Times Rule 2	N/A	B
17: Cut-off Times Rule 3	N/A	B
17: Cut-off Times Rule 4	N/A	B

3 Progress against the milestones

This section tracks market stakeholders progress in implementing the standards against the 13 set milestones identified by the 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	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)?	20/03/2023
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?	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

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

Expectation of achieving the milestones at the set dates

	TPA - BNP Paribas	TPA - Euroclear France
Milestone 1 June 2020	Yes	Yes
Milestone 2 March 2021	Yes	Yes
Milestone 3 July 2021	Yes	Yes
Milestone 4 December 2021	Yes	Yes
Milestone 5 December 2021	Yes	Yes
Milestone 6 January 2022	Yes	01/25
Milestone 7 June 2022	Yes	01/25
Milestone 8 July 2022	Yes	01/25
Milestone 9 December 2022	Yes	01/25
Milestone 10 March 2023	Yes	01/25
Milestone 11 April 2023	Yes	Yes
Milestone 12 October 2023	Yes	01/25
Milestone 13 November 2023	Yes	01/25

4 Concluding remarks

BNP Paribas has met all expected milestones to-date and plans to reach all future ones on-time in line with the ECMS go-live in November 2023.

As explained in the executive summary, Euroclear France will not implement the Single Triparty Model by the November 2023 deadline due to its operational dependency on Euroclear Bank. However, it will insure the continuity of its current Floating Collateral Management (FCM) service.

Hence, Euroclear France is prioritising all the necessary adaptations to secure the continuity of the FCM. Once the adaptations to the FCM are launched, Euroclear will proceed with the implementation of the Single Triparty Collateral Management model. The dates upon which Euroclear France will meet the SCoRE milestones, including a potential final implementation date, are thus unknown until its updated implementation plan is issued (expected by 2023).

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