

SCoREBOARD

Corporate Actions – H2 2021






Hungarian NSG

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. This summary report presents the results of the H2 2021 monitoring exercise conducted by the Hungarian NSG with the involvement of the following stakeholders:

- 1 CSD – KELER
- 8 Custodians
- 5 Issuers

14 entities are monitored in the Hungarian market

The SCoRE Overview provides a high-level summary of the H2 2021 monitoring exercise.

 <small>SINGLE COLLATERAL MANAGEMENT RULEBOOK FOR EUROPE</small>	 Response Rate	 Implementation Status	 Milestone achieved?	 Implemented on Time?
Custodians	63%	Implemented 17.6% Analysis started 28.9% Implementation started 13.3%	38%	75%
Issuers	0%	Yes 32% No 24%	n/a	n/a
CSD - KELER	100%	Implemented 3.38% Analysis started 73.3% Implementation started 0.42%	No	11/24

Note: Implemented on Time reflects the entity's expected ability to achieve the final milestone on time.

This NSG summary report is structured as follows: The Executive Summary provides an overview of the responses received per Entity Type i.e. CSD, TPA, Custodian etc. Section 1 presents the compliance status of each entity type. Section 2 provides an overview of the progress against the individual milestones. Section 3 then provides a more detailed overview of the implementation status per Standard for each entity type.

Executive Summary

Implementation of the Corporate Action Standards in the Hungarian market is behind schedule

KELER CSD, five custodians (out of eight) and no issuers (out of five) responded to the H2 2021 survey, which shows a decrease in the number of responses compared to H1 2021. This section presents the key findings of the survey for each entity type.

KELER CSD, several Custodians and most Issuers are currently behind schedule. A one-year delay is expected in reaching market-wide full compliance.

CSD – KELER

KELER CSD intends to comply with applicable standards but indicates a one-year delay for each implementation milestone

KELER CSD has started the necessary analyses to implement each Corporate Action Standard that it deems applicable for the Hungarian market. These analyses are expected to be finished with a one-year delay compared to the date envisaged by the relevant milestone, which is reflected in KELER CSD's compliance status.

KELER CSD intends to comply with each milestone with a one-year delay. However, a subset of the Standards will be complied with by the November 2023 end-date, as KELER CSD intends to implement corporate action notification services for all corporate events and corporate action processing for non-elective events by this time. Implementation of the Standards for corporate action processing for elective corporate actions is expected by the end of 2024. This means that KELER CSD intends to apply a two-tiered approach in implementing the Standards, thereby reaching compliance according to the implementation dates set in its approved adaptation plan.

Custodians

28.9% of Custodian answers show that internal analysis has started

Five out of eight monitored custodians provided answers for the H2 2021 monitoring exercise. The five respondents indicated varying levels of compliance.

Respondents identified those Standards which are already implemented, which are under development and which are not applicable, and several respondents are currently conducting analyses for the remaining ones. Each custodian-relevant Standard already shows some level of full compliance.

Two custodians indicated that each milestone will be met on time. Among the three other custodian, one entity indicated 4-28 months of a delay for milestones 1 to 11 but confirmed the timely completion of milestones 12 and 13; one indicated a 12-34 months of delay for milestones 2 to 6 but confirmed the timely completion of milestone 1 and milestones 7 to 13; and the final entity indicated a 12-34 months

delay for each of the milestones. Overall, the one-year delay planned by KELER CSD seems to affect the monitored Custodians to different degrees.

Issuers

32% of Issuer answers show positive implementation status

None of the monitored issuers provided answers for the H2 2021 monitoring exercise. This shows a significant decrease compared to the activity seen in H1 2021, when four entities submitted replies to the survey. This means that there is ample room for improvement in the monitoring of issuers.

SCoREBOARD

This section presents the overall compliance status in the market. CSDs and TPAs are monitored on an individual basis and are assigned a colour-code status in accordance with the methodology outlined in Box 1¹. Custodians and Issuers are monitored on an aggregated basis and assigned a percentage compliance status.

Box 1

SCoREBOARD – Implementation Phase



- 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

For custodians and issuers, progress is monitored and reported as a percentage; for example the % of custodians in a given market who have started internal adaptation of IT systems.

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

Table A
SCoREBOARD

STANDARD	Custodians	Issuers	CSD - KELER
1A: Notification	68%	57%	Y
1B: Instruction	63%		Y
1C: Advise	65%		Y
1D: Confirmation	66%		Y
1E: Reversal	58%		Y
1F: Meeting Notification	64%	28%	Y
1G: Meeting Instruction	64%		Y
1H: Meeting Results	65%		Y
2: Calculation of Proceeds	56%	60%	Y
3: Consistency of Information	56%	20%	Y
4: Rounding Rule 1	63%	40%	Y
4: Rounding Rule 2	75%	40%	Y
4: Rounding Rule 3	50%	20%	Y
4: Rounding Rule 4	75%	40%	Y
4: Rounding Rule 5	75%	40%	B
5: Negative Cash Flows	75%	0%	B
6: Business Day Rule		20%	Y
7: Securities Amount Data Rule 1		40%	G
7: Securities Amount Data Rule 2		20%	B
7: Securities Amount Data Rule 3		20%	B
7: Securities Amount Data Rule 4		20%	B
8: Payment Time Rule 1		20%	Y
8: Payment Time Rule 2		0%	Y
8: Payment Time General Principle 3		0%	Y
9: Processing Status	75%	20%	Y
10: Blocking Rule 1	75%		Y
10: Blocking Rule 2	50%		Y
10: Blocking Rule 3	50%		N/A
10: Blocking Rule 4	50%		Y
10: Blocking Rule 5	50%		Y
11: Default Option	75%	40%	Y
12: Handling of Fees	75%		Y
13: Reversal	75%	20%	Y
14: Foreign Currency			N/A
15: ISO 20022 Messaging	63%		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 % indicates that the standard has either already been implemented, or that implementation is on track i.e. at a minimum that analysis has already started or that implementation has started per Standard.
- 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.
- A plausibility check was performed by the CMH-TF Secretariat.

2 Milestones

This section tracks an entity's progress in implementing the Standards on an ongoing basis. 13 milestones have been defined as listed in the box below.

Box 2

SCoRE Milestones

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)?	05/12/2022
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

Notes: N/A

Milestones expected to be achieved in the current reporting period are highlighted in blue in the header of Table B below. The blue colour-code is then assigned to those milestones which have been successfully achieved to date for each respective entity. Milestones which will only be achieved later are assigned a yellow status, while milestones which will only be achieved with significant delays / where work has not yet commenced are marked in red.

For the remaining milestones (i.e. milestones due to be achieved only after the current reporting cycle) the colour-code indicates an entity's expected ability to achieve a future milestone on time. The expected date of achievement is also indicated in the table if it is different to the milestone date defined by AMI-SeCo.

Table B
Milestones

	Custodians	CSD - KELER
Milestone 1 June 2020	50%	Yes
Milestone 2 March 2021	38%	Yes
Milestone 3 July 2021	38%	07/22
Milestone 4 December 2021	50%	12/22
Milestone 5 December 2021	50%	12/22
Milestone 6 January 2022	50%	01/23
Milestone 7 June 2022	63%	06/23
Milestone 8 July 2022	63%	07/23
Milestone 9 December 2022	63%	12/23
Milestone 10 December 2022	63%	12/23
Milestone 11 April 2023	63%	04/24
Milestone 12 October 2023	75%	10/24
Milestone 13 November 2023	75%	11/24

Notes: Actors were asked to report for all milestones, i.e. whether they meet the current milestone (1) and whether they expect to meet the dates for future milestones.

Summary

Out of the six respondent entities, two indicated that they will be able to meet each of the milestones, while four reported that they will not meet them as expected. Out of the four delayed entities, KELER indicated a one-year delay for milestones 3 to 13 while the other three entities indicated various delays regarding milestones 1 to 13.

KELER provided the following additional information on milestone planning:

Milestone 3-13: In line with the Adaptation Plan, the implementation of Corporate Action Standards is planned in two phases:

1. Corporate Action notification services for all Corporate Events and Corporate Action processing for non-elective events: by November 2023.
2. Corporate Action Events processing for elective Corporate Actions: by end-2024.

KELER shall be compliant with most standards by November 2023, while standards relevant for processing of elective corporate actions shall be implemented by end-2024. As a result, we can say that KELER will comply with CA standards by end-2024 and that is reflected at each milestone.

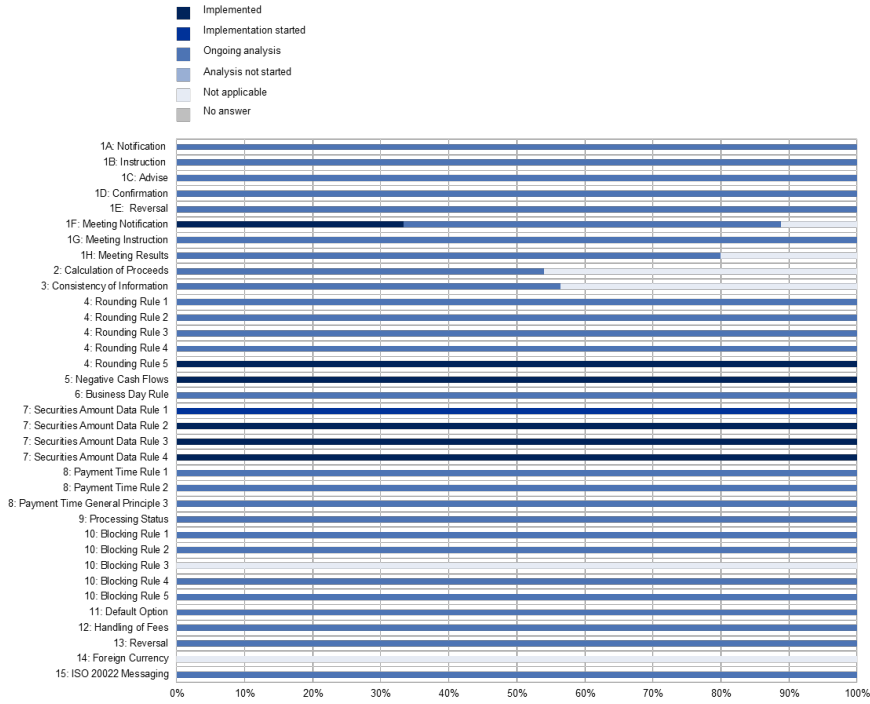
3

Implementation status per SCoRE Standard

This section presents the implementation status of each Standard per entity type.

CSD – KELER

Implementation status per SCoRE Standard

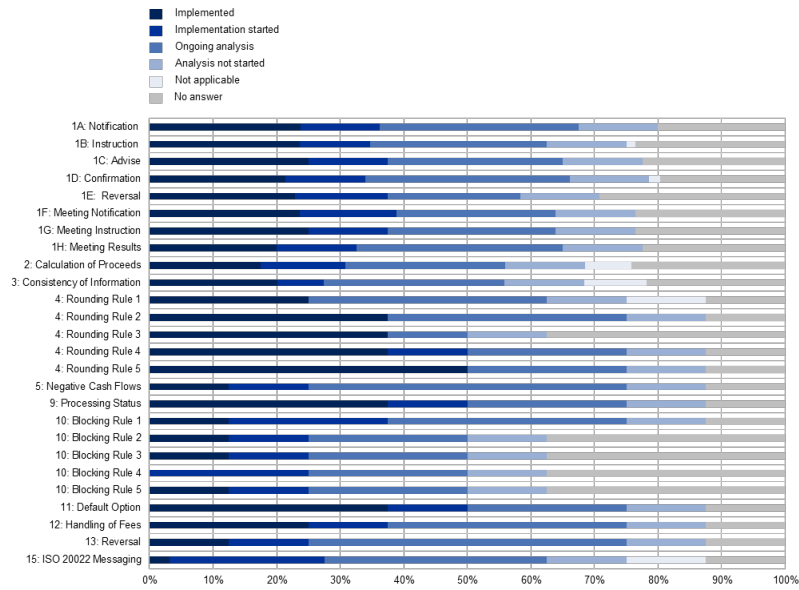


Notes

A plausibility check was performed by the CMH-TF Secretariat.

Custodians

Implementation status per SCoRE Standard

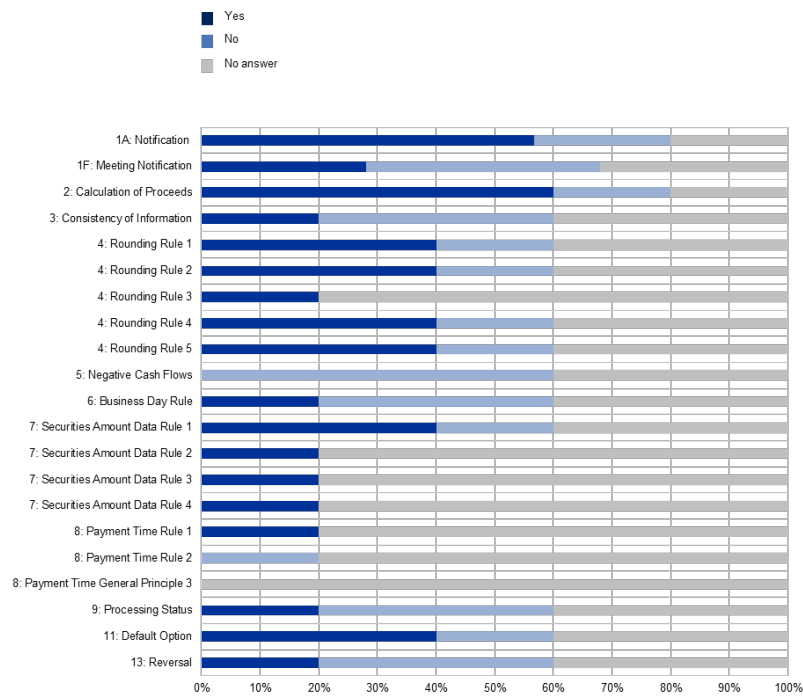


Notes

N/A

Issuers

Fulfilment of obligations per SCoRE Standard



Notes

N/A

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The cut-off date for the data included in this report was 17 November 2021.

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