

SCoREBOARD

Corporate Actions – H1 2021

Hungarian NSG





The Single Collateral Management Rulebook for Europe (SCoRE) contains 15 Standards related to the processing of corporate actions (published as the [AMI-SeCo Standards for Corporate Actions](#)). Implementation progress is monitored twice per year. This summary report presents the results of the H1 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 H121 monitoring exercise.

SCoRE Overview

SCoRE SINGLE COLLATERAL MANAGEMENT RULEBOOK FOR EUROPE	 Response Rate	 Implementation Status	 Milestones achieved?	 Implemented on Time?
Custodians	75%	Implemented 12.0% Analysis started 39.0% Implementation started 5.56%	38%	75%
Issuers	40%	Yes 36.8% No 32%	n/a	n/a
CSD - KELER	100%	Implemented 1.24% Analysis started 67.0% Implementation started 0.62%	Yes	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 partially on track

KELER CSD, 7 Custodians out of 8 and 4 Issuers out of 5 responded to the survey. This section presents the key findings of the survey for each entity type. KELER CSD, Custodians and Issuers all started the necessary analyses, but 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, so these Standards are on track.

KELER CSD indicated that it 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.

Custodians

39.0% of Custodian answers show that internal analysis has started

The 7 respondent Custodians indicated different levels of compliance with the Standards.

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 except Standard 15 on ISO 20022 messages.

3 of the 7 respondent Custodians indicated that each milestone will be met on time. Out of the other 4 Custodians, one entity indicated 3-25 month delays for milestones 1 to 10 but timely completion of milestones 11 to 13, two entities indicated 5-22 month delays for milestones 1 to 3 but timely completion of milestones 4 to 13 and one entity did not provide answers regarding the milestones.

36.8% of Issuer answers show positive implementation status

Issuers

4 out of the 5 monitored Issuers decided to provide answers for the H1 2021 monitoring exercise. One Issuers provided 18 positive and 7 negative answers, one Issuer provided 25 negative answers, one Issuer provided positive answers for the first 11 questions but did not answer the rest, and one Issuer provided 17 positive and 8 negative answers. Overall, this shows a significant improvement as only 1 entity completed the H1 2020 monitoring exercise, giving only negative answers. Nevertheless, there is still ample room for improvement.

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	64%	57%	G
1B: Instruction	63%		G
1C: Advise	63%		G
1D: Confirmation	60%		G
1E: Reversal	63%		G
1F: Meeting Notification	63%	35%	N/A
1G: Meeting Instruction	63%		N/A
1H: Meeting Results	63%		N/A
2: Calculation of Proceeds	52%	60%	G
3: Consistency of Information	58%	20%	G
4: Rounding Rule 1	63%	40%	G
4: Rounding Rule 2	75%	40%	B
4: Rounding Rule 3	63%	40%	G
4: Rounding Rule 4	75%	40%	G
5: Negative Cash Flows	75%	0%	B
6: Business Day Rule		20%	G
7: Securities Amount Data		40%	G
8: Payment Time Rule 1		0%	G
8: Payment Time Rule 2		20%	G
8: Payment Time Rule 3		40%	G
9: Processing Status	75%	20%	G
10: Blocking	75%		G
11: Default Option	75%	40%	G
12: Handling of Fees	75%		G
13: Reversal	75%	20%	G
14: Foreign Currency			N/A
15: ISO 20022 Messaging	50%		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 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	38%	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	63%	12/22
Milestone 6 January 2022	63%	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	75%	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 8 respondent entities 3 indicated that they will be able to meet each milestone on time, 4 entities wrote that they will not meet them as expected and one entity did not provide answers regarding the milestones. Out of the 4 delayed entities, KELER indicated a one-year delay for each milestone while the other 3 entities indicated various delays regarding milestones 1 to 10.

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.”

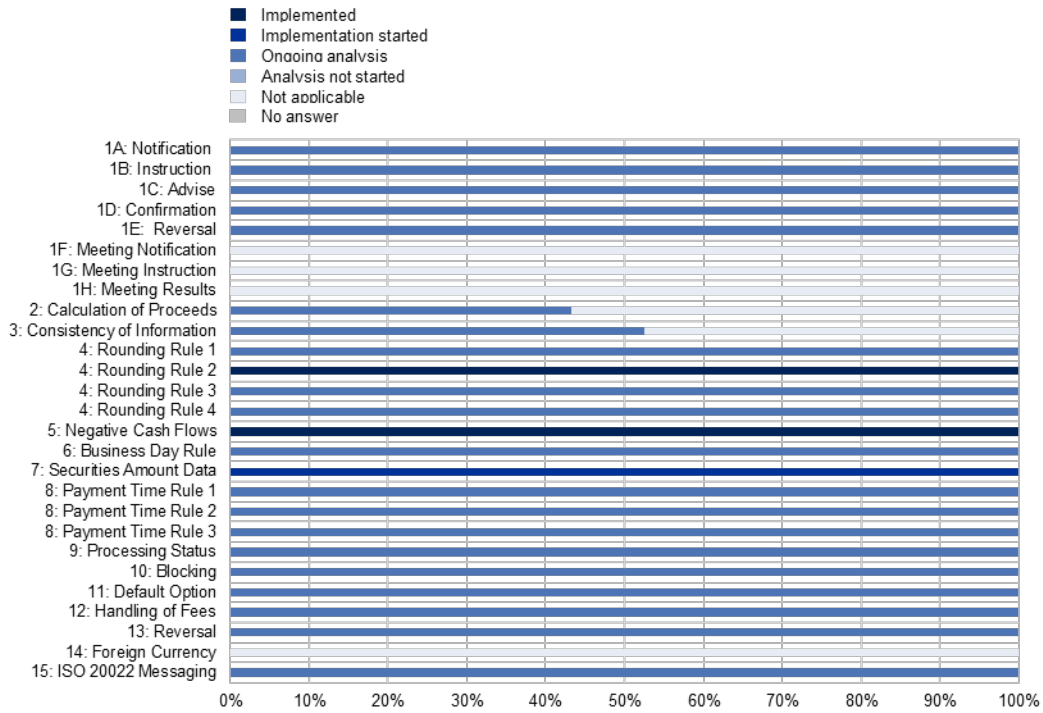
3

Implementation status per AMI-SeCo Standard

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

CSD – KELER

Implementation status per AMI-SeCo Standard

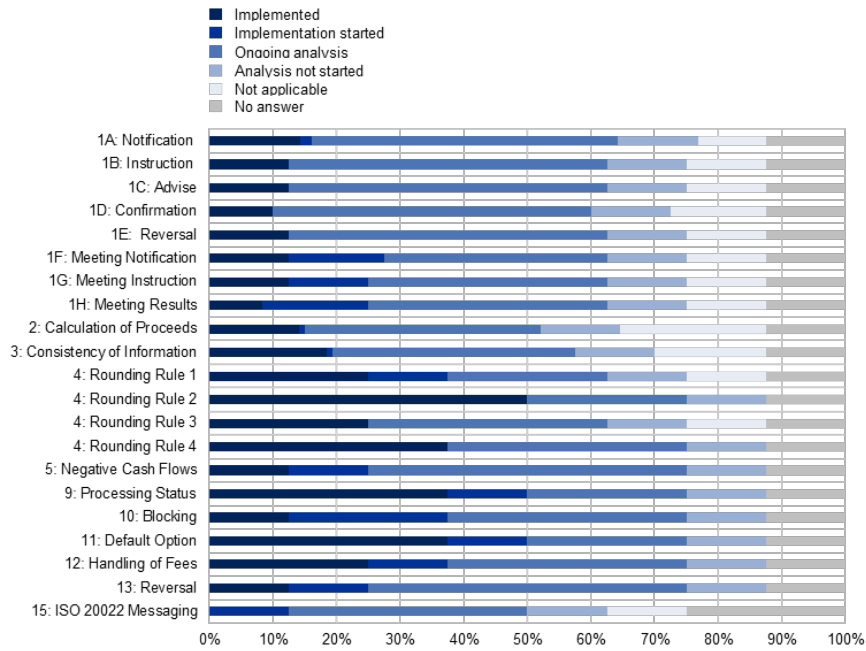


Notes

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

Custodians

Implementation status per AMI-SeCo Standard

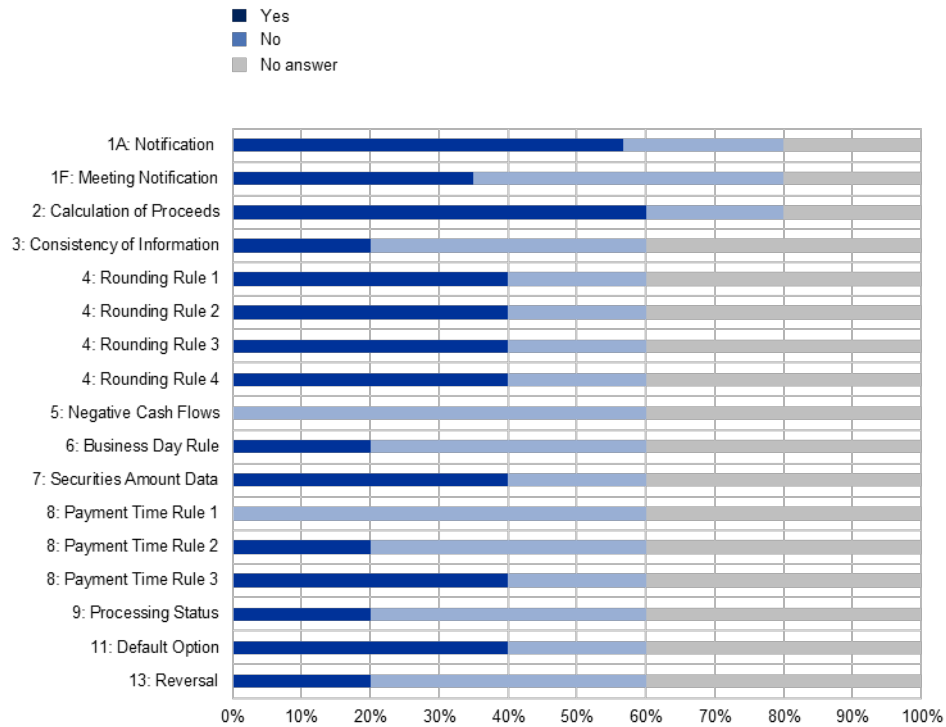


Notes

N/A

Issuers

Fulfilment of obligations per AMI-SeCo Standard



Notes

N/A

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The cut-off date for the data included in this report was 21 May 2021.

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