

# SCoREBOARD

## Corporate Actions – H1 2023

Cypriot 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 Cypriot NSG with the involvement among the following stakeholders:

9 entities are monitored in the Cypriot market; only 8 entities participated in H1 2023 monitoring exercise

- 1 CSD – Cyprus Stock Exchange
- 7 Custodians (from which 6 participated)
- 1 Issuer

The 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 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 Cypriot market is behind schedule

8 stakeholders out of 9 participated in the H1 2023 monitoring exercise. Implementation of the Corporate Action Standards in the Cypriot market is behind schedule.

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

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

	 <b>Response Rate</b>	 <b>Implementation Status of the standards</b>	<b>Are all milestones 1 to 9 inclusive achieved?</b>	<b>Will the last milestone 13 be implemented on time (i.e. by 08 April 2024)?</b>
<b>Custodians</b>	86%	Implemented 32.7% Implementation started 0.88% Analysis started 41.0% Analysis not started 0.19% Non applicable standards 10.8% Replies not submitted 14.2%	Average % of milestones achieved 44%	% of custodians on time 57%
<b>Issuers</b>	100%	Aware of obligations 100% Not aware of obligations 0% Replies not submitted 0%	NA (milestones irrelevant for issuers)	NA
<b>CSD - CYPRUS STOCK EXCHANGE</b>	Survey submitted	Implemented 23.8% Implementation started 1.70% Analysis started 51.4% Analysis not started 0% Non applicable standards 22.9% Replies not submitted 0%	No	01/26

**CSD – Cyprus Stock Exchange**

CSE implementation is behind schedule

The CSE is currently behind schedule for the implementation of SCoRE Corporate Action Standards (based on the agreed milestones), as the CSE has indicated that the in-depth analysis of the applicable SCoRE Standards and the adaptation has not yet been completed. The CSE expects to gradually implement the standards by January 2026.

The CSE’s compliance with interim milestones depends, to a great extent, on the corresponding harmonisation work of ATHEXCSD (i.e. for Corporate Action Standards 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 13 and 15). This is because ATHEXCSD is a critical service provider to the CSE as: (i) it provides, hosts and maintains the servers of the Central Depository Central Registry (i.e. ‘CDCR’, which is a department of the

CSE) at the primary site, and (ii) it hosts and maintains the dematerialised securities system of CDCR at a second processing site in Greece.

ATHEXCSD submitted its adaptation plan for SCoRE Standards in June 2020, enabling the Central Bank of Cyprus to obtain a clearer picture of the compliance of the Cypriot market with the future milestones.

In light of this, the CSE has revised its adaptation plan and submitted an updated version to the ECB in early 2021. Therefore, interim milestones were updated in order to be compatible with ATHEXCSD plan. Since then, additional updates regarding the implementation milestones are indicated by the CSE, since the H1 2022 monitoring exercise, following consultations with ATHEXCSD. Following the completion of the H1 2023 monitoring survey, it was observed that the CSE will deviate from the implementation dates previously indicated and will not be able to meet the deadline of 8 April 2024. Nevertheless, the Central Bank of Cyprus contacted the CSE in order to ensure that due action is taken, in cooperation with ATHEXCSD, such that the CSE brings the project back on track.

Currently, 11 standards require harmonisation, 2 standards are partially implemented and 2 standards are not applicable for the Cypriot market. With respect to the standards requiring harmonisation, the CSE has indicated that full implementation of the standards is postponed until early 2026. Except for Milestones 1 and 2 that have been implemented, the rest fall behind schedule (please refer to Table 3 'Entities expectation of achieving the milestones at the set dates').

### **Custodians**

Custodians inform that the Standards will be implemented slightly behind schedule

H1 2023 monitoring exercise covers 86% of custodians which are active in the Cypriot market, the implementation status of who participated is distributed as follows:

- 41% of standards (at granular subpoint level) are reported with analysis in progress;
- 33% of standards are reported as already implemented;
- 1% of standards are reported under ongoing implementation;
- For 1% of standards analysis has not started yet;
- 11% of standards are considered not applicable to the individual custodians' operations.

Therefore, the implementation of SCoRE Corporate Action Standards by the Custodians is slightly behind schedule. However, results appear to be adversely affected by the following two factors:

- (a) Some custodians have submitted a response for Standard 5, even though this is already implemented.

- (b) Some custodians have submitted a response for Standard 4 (rounding rules 3 and 4) and for Standard 12, even though these are not applicable for the Cypriot market.

Custodians have indicated 44% compliance with the current milestones for the implementation of SCoRE Corporate Action Standards. In particular, delays are expected for the Analysis and Communication activities (only for Milestones 3-5) and the Internal Adaptation activities (Milestones 6-9). Custodians expect to implement the standards by October 2024.

### **Issuers**

The issuer of government bonds has confirmed awareness of its obligations

The Public Debt Management Office is the only issuer that participated in this monitoring exercise, in its capacity as issuer of government bonds. The Public Debt Management Office has confirmed awareness of obligations under the SCoRE Corporate Action Standards.

The major issuer of bonds in the Cypriot market is a corporate issuer, which is already subject to SCoRE Corporate Action Standards and is aware of its obligations

In terms of volume, government bonds constitute around 1% of the total bonds issued, while corporate bonds issued by a single issuer constitute around 98% of the total. This issuer is already subject to SCoRE Corporate Action Standards in its capacity as a custodian. In conclusion, the current monitoring exercise covers 99% of the total government and corporate bonds issued – in terms of volume - in the Cypriot market.

### **NCB**

Central Bank of Cyprus will implement the SCoRE Standards by 8 April 2024

In the context of the ECMS project, the Central Bank of Cyprus is on track for implementing the SCoRE Corporate Action Standards for its collateral management activities by 8 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 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 are too many to represent individually. Thus the replies of custodians 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

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- 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 - CYPRUS STOCK EXCHANGE
1A: Notification	43%	100%	Y
1B: Instruction	38%		Y
1C: Advise	29%		Y
1D: Confirmation	31%		Y
1E: Reversal	33%		Y
1F: Meeting Notification	43%	100%	Y
1G: Meeting Instruction	43%		Y
1H: Meeting Results	38%		Y
2: Calculation of Proceeds	40%	100%	Y
3: Consistency of Information	41%	100%	Y
4: Rounding Rule 1	83%	100%	Y
4: Rounding Rule 2	67%	100%	B
4: Rounding Rule 3	83%	100%	B
4: Rounding Rule 4	86%	100%	B
4: Rounding Rule 5	86%	100%	B
5: Negative Cash Flows	67%	100%	Y
6: Business Day Rule		100%	Y
7: Securities Amount Data Rule 1		100%	G
7: Securities Amount Data Rule 2		100%	B
7: Securities Amount Data Rule 3		100%	B
7: Securities Amount Data Rule 4		100%	B
8: Payment Time Rule 1		100%	Y
8: Payment Time Rule 2		100%	N/A
8: Payment Time Rule 3		100%	Y
8: Payment Time General Principle 3		100%	Y
9: Processing Status	43%	100%	Y
10: Rule 1	43%		Y
10: Rule 2	43%		Y
10: Rule 3	50%		Y
11: Default Option	57%	100%	Y
12: Handling of Fees	40%		N/A
13: Reversal	29%	100%	Y
14: Foreign Currency			N/A
15: ISO 20022 Messaging	21%		Y

Notes:

- 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	<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 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 - CYPRUS STOCK EXCHANGE
Milestone 1 June 2020	43%	Yes
Milestone 2 March 2021	57%	Yes
Milestone 3 July 2021	43%	03/25
Milestone 4 December 2021	43%	04/25
Milestone 5 December 2021	29%	04/25
Milestone 6 January 2022	57%	04/25
Milestone 7 June 2022	43%	05/25
Milestone 8 July 2022	43%	06/25
Milestone 9 March 2023	43%	09/25
Milestone 10 May 2023	43%	09/25
Milestone 11 May 2023	43%	12/25
Milestone 12 February 2024	43%	12/25
Milestone 13 April 2024	57%	01/26

## 4 Concluding remarks

The CSE is currently behind schedule for the implementation of SCoRE Corporate Action Standards (based on the milestones provided by the AMI-SeCo).

The CSE's compliance with the set milestones depends, to a great extent, on the corresponding harmonisation work of ATHEXCSD, which is a critical service provider to the CSE, because (i) it provides, hosts and maintains the servers of the Depository in Greece, and (ii) it hosts and maintains the dematerialised securities system of CDCR at a second processing site in Greece.

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