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11th T2S Harmonisation Progress Report

Harmonisation of European
securities settlement and collateral
management arrangement

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1 Key messages

This is the eleventh progress report on the harmonisation of European securities settlement and collateral management arrangements published by the Eurosystem's Advisory Group on Market Infrastructures for Securities and Collateral (AMI-SeCo). In pursuit of the objective of further integrating European financial markets, AMI-SeCo has, in line with its mandate, driven harmonisation in the areas of securities settlement and collateral management. This report covers AMI-SeCo's TARGET2-Securities (T2S) harmonisation agenda (covering the T2S markets) and gives an overview of the progress of AMI-SeCo's achievements in the area of collateral management harmonisation, which is aimed at creating a Single Collateral Management Rulebook for Europe (SCoRE) and covers the European Union and Switzerland.

As regards the T2S harmonisation agenda, T2S markets have slightly further increased their level of compliance with the T2S harmonisation standards.

Overall, T2S markets have reached a compliance level of 89.3 % (comparing the number of cases of full compliance to the overall number of assessments), slightly improving on the already high level of 88.7 % observed in the previous harmonisation progress report. However, it must be acknowledged that the speed of progress has further decreased, continuing a trend that has been observed in recent years. This is partly explained by the difficulty in addressing the remaining non-compliance cases by T2S markets (often requiring changes to national legal environment) as well as potentially the impact of the COVID-19 pandemic causing delays in implementation timelines in 2020. Nevertheless, a number of incremental improvements have also been made by T2S markets since the previous harmonisation report which is not reflected in a change of status due to not resulting in full compliance.

The most difficult harmonisation area remains corporate actions, where nearly half of the T2S markets have yet to reach full compliance with the T2 corporate action standards and all but two markets are not yet fully compliant with the market corporate action standards. Slow progress has continued in this area, with two markets securing full compliance, while a number of others having increased the number of corporate action (sub-) standards they are compliant with. Overall, in many of these markets the level of compliance with the corporate action (sub-) standards is high but it falls slightly short of full compliance.

The new action plan on the Capital Markets Union announced by the European Commission in September 2020 is expected to further significantly contribute to the progress on harmonising the post-trade environment of securities settlement. In the domain of post-trade services the [Capital Markets Union \(CMU\) Action Plan](#) targets – inter alia – withholding tax and shareholder engagement (including corporate events) which are two key areas where further momentum is necessary to achieve an integrated post-trade environment for European capital markets. On the basis of its extensive work carried out in this area the AMI-SeCo stands ready to contribute to this work at the European level.

In the area of collateral management harmonisation, AMI-SeCo has agreed on three sets of collateral management standards. In 2019, following extensive preparatory work, which started back in 2017, AMI-SeCo defined standards in three critical areas of collateral management: triparty collateral management, including the establishment of a Single Triparty Party Model for Europe; handling of corporate actions for debt securities and billing processes. Work on defining harmonisation standards is continuing in the remaining seven areas in which collateral management harmonisation activities have been identified by AMI-SeCo.

The first round of monitoring indicates a strong commitment by all stakeholders to implement the agreed collateral management standards. During 2020 adaptation plans to implement the collateral management standards were developed with the involvement of all relevant stakeholders in the local markets. Additionally, the first round of monitoring of the implementation progress took place in and the results indicate a strong commitment and willingness by all relevant stakeholders to implement the collateral management standards in line with the agreed roadmap. The objective is that, by November 2023, which is also the envisaged go-live date of the Eurosystem Collateral Management System (ECMS), at least the triparty standards, the corporate actions standards and the billing standards will have been implemented by all relevant financial market stakeholders directly involved in Eurosystem credit operations. AMI-SeCo is continuing discussions on the possible implementation horizon for the remaining standards.

2 Introduction

The Advisory Group on Market Infrastructures for Securities and Collateral (AMI-SeCo) considers post-trade harmonisation, including collateral management, to be a critical objective to be met in the pursuit of financial market integration in Europe.

In the area of securities settlement harmonisation, T2S has contributed significantly to the integration of financial markets in Europe by harmonising post-trade processes across all participating markets. The extent to which the potential benefits of T2S will materialise depends largely on all relevant stakeholders adapting to and using T2S in a harmonised manner.

In the area of collateral management, AMI-SeCo is making significant progress as well, as the standards it endorsed covering business processes, workflows and messaging for triparty collateral management, corporate actions handling and billing processes are being implemented by European markets.

In this eleventh harmonisation progress report from AMI-SeCo, progress is presented on the basis of an established methodology¹ and compared with the previous report ([Tenth T2S Harmonisation Progress Report](#)) published in January 2020. The purpose of the report is to give an overview of the harmonisation activities of AMI-SeCo in two broad areas: the progress in compliance and harmonisation activities related to the T2S harmonisation agenda focusing on securities settlement² and AMI-SeCo's harmonisation work on collateral management. Taking into account that the work on securities settlement harmonisation and the work on collateral management have different scopes and are at different stages of harmonisation, progress is presented in separate sections: Section 3 on T2S harmonisation and Section 4 on collateral management harmonisation. Annex 1 presents the securities settlement harmonisation activities in detail, Annex 2 provides an overview of individual T2S markets, Annex 3 contains an impact assessment of cases of non-compliance with core T2S settlement harmonisation standards and Annex 4 presents the monitoring methodology for securities settlement standards.

¹ More details in [Methodology for progress assessment on AMI-SeCo securities settlement harmonisation activities](#).

² More details in [AMI-SeCo core T2S Settlement and wider post-trade harmonisation activities](#).

3 Current status of progress on securities settlement harmonisation in T2S markets

This harmonisation progress report is an update on the tenth T2S harmonisation progress report published by AMI-SeCo in January 2020. This section focuses on the progress made in the period between September 2019 and September 2020.

3.1 Overview of progress on harmonisation activities

Table 1 gives an overview of the current status of T2S harmonisation activities and shows their status with regard to (i) whether a standard or rule has been defined, (ii) whether a monitoring process has been launched and (iii) the aggregate compliance status of all T2S markets, as observed in September 2020.

Table 1

Status dashboard of the T2S harmonisation activities

	Core T2S Settlement harmonisation		Definition	Monitor	Compliance (number of non-compliant markets)
1	T2S messages	T2S ISO 20022 messages	G	G	B
2		T2S matching fields	G	G	R (3)
3		Interaction for registration	G	G	B
4		Interaction for tax info	G	G	R (1)
5	Schedule of settlement day		G	G	B
6	T2S corporate actions standards		G	G	R (10)
7	Legal harmonisation	Settlement finality I (moment of entry)	G	G	B
8		Settlement finality II (irrevocability of transfer order)	G	G	B
9		Settlement finality III (irrevocability of transfer)	G	G	B
10		Outsourcing of IT services	G	G	B
11	Settlement discipline regime		G	X	X
12	Settlement cycles		G	G	B
13	CSD account structures	Availability of omnibus accounts	G	G	R (1)
14		Restriction of omnibus accounts	G	G	R (2)
15	T2S account numbering	Securities accounts numbering	G	G	B
16		Dedicated cash accounts numbering	G	G	B

Harmonisation of post trade environment of securities settlement		Definition	Monitor	Compliance	
17	Legal harmonisation	Location of securities account/conflict of laws	G	X	X
18	Corporate actions market standards	CA market (CAJWG) standards	G	G	R (20)
19	Place of issuance		G	X	X
20	Tax procedures	Withholding tax procedures	Y	X	X
21	Shareholder transparency/registration		R	X	X
22	Market access		G	X	X
23	Securities amount data		G	G	R (1)
24	Portfolio transfer		Y	X	X

(as at September 2020)

Notes: Post-trade environment activity, "CA market (CAJWG) standards", is not monitored by AMI-SeCo itself. Instead, the report presents the compliance assessments of T2S markets against these standards by the European Market Implementation Group (E-MIG), an industry body monitoring the implementation of these standards.

Definition process. Overall, 21 out of 24 core T2S settlement and wider post-trade harmonisation activities have reached green status in the definition process, as the relevant stakeholder bodies (inside or outside the T2S community) have defined and agreed/endorsed standards for these. As noted in previous harmonisation progress reports, the progress in the implementation of the Central Securities Depositories Regulation (CSDR)³ at European and national level contributed to the definition of most previously open T2S harmonisation activities (settlement discipline, market access, place of issuance). All T2S harmonisation activities in the core T2S settlement harmonisation group are defined. The three activities still lacking a defined set of standards/rules relate to the post-trade environment of securities settlement⁴ (tax procedures, shareholder registration / transparency and portfolio transfers). A very significant development in the review period related to these activities are the entry into force of the relevant provisions of the recast Shareholder Rights Directive and its implementing regulation as well as the announcement of the new Action Plan on the Capital Markets Union (CMU) by the European Commission both in September 2020. Despite the progress made in the review period, AMI-SeCo sees further room to define rules/standards in these areas. In particular:

³ Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (OJ L 257, 28.8.2014, p. 1).

⁴ Core T2S settlement harmonisation activities are necessary to ensure efficient and safe cross-CSD settlement in T2S. The T2S community should view the resolution and implementation of these activities as the top priority before the migration of markets to T2S.

- **On withholding tax procedures**, the status remains yellow. AMI-SeCo has closely monitored developments related to the implementation of the European Commission's [Code of Conduct on Withholding Tax](#) (which puts forward high-level requirements/recommendations for national tax authorities) and has also voiced its concrete recommendations for future work in the context of the discussions on [the new CMU Action Plan](#). The AMI-SeCo stands ready to assist the European Commission in its impact assessment and to contribute to any further follow-up work on the European Commission's announced action on an EU-wide system for withholding tax relief at source.
- **On shareholder transparency / registration**, the status remains red. AMI-SeCo maintains the view that divergent registration requirements across T2S markets remain a barrier to further harmonisation and in general to cross-border post-trade services. AMI-SeCo welcomes the improvements resulting from the recasting of the Shareholder Rights Directive (SRD)⁵, which was implemented across EU markets by September 2020, but expects these to be limited in themselves – in particular in the area of debt instruments – and not result in a harmonisation of registration practices across the EU.
- **On portfolio transfers**, the status remains yellow, despite the ongoing work by AMI-SeCo on portfolio transfers in T2S, aimed at establishing a pan-European handbook containing current local practices and setting out high-level principles for cross-border portfolio transfers. Full harmonisation based on a single, detailed set of procedures for portfolio transfers across T2S markets remains the long-term goal.

Monitoring process. The number of monitored markets remained stable in the review period at 20 (with 21 CSDs) as no CSDs joined or left T2S in the review period. In line with the AMI-SeCo monitoring framework, there are well-established and agreed monitoring activities, deadlines and responsible actors for further action in each market. The number of harmonisation activities that are currently monitored remains stable at 17 (15 core T2S settlement harmonisation standards and two standards belonging to the wider post-trade environment of securities settlement).

Compliance status. For assessing the overall compliance of T2S markets with the standards, only the blue (i.e. fully compliant) and red (i.e. not fully compliant) statuses are used. At an aggregate level, a standard is deemed to be complied with if all T2S markets comply with it. An individual T2S market is deemed to be compliant with a standard if all of its relevant actors comply with the standard.

Core T2S settlement harmonisation

Out of the 15 core T2S settlement harmonisation standards that are monitored, AMI-SeCo assesses all T2S markets to be fully compliant with ten standards. This is

⁵ Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement ([OJ L 132, 20.5.2017, p. 1](#)).

an improvement since the previous report as standard 5 on the T2S calendar and schedule of business day is now considered fully complied with by all T2S markets (as the only market assessed as non-compliant in the previous report, Hungary, confirmed full commitment to the T2S calendar as of 2021). For the remaining five standards in this category, the aggregate level of T2S market compliance is assessed as red, since implementation gaps remain in at least one T2S market per standard. Except for standard 6 (T2S corporate actions), no more than three non-compliant T2S markets remain:

- On standard 2 – T2S matching fields – Three T2S markets (Spain, Hungary and NCDPC in Slovakia) remain assessed as non-compliant.
- On standard 4 – Tax information in T2S messages – the Italian market remains assessed as non-compliant owing to tax information concerning domestic portfolio transfers being transferred via T2S.⁶
- On standard 6 – T2S corporate actions standards – One market have secured full compliance (Italy) since the previous report, overall, the number of non-compliance cases remains high, with ten markets not complying with standard 6.
- On standards 13 and 14 – restrictions on, and availability of, omnibus accounts – France is assessed as non-compliant. Euroclear France does not comply with the legal requirement under standard 14 to separate registered securities from bearer securities under the same ISIN at CSD level, while ID2S has not yet enabled omnibus accounts for cross-CSD settlement and hence is now assessed as non-compliant with both standards 13 and 14.
- On standard 15 – T2S account numbers – the AMI-SeCo was made aware of apparent differing interpretation of the standard among T2S markets resulting in a number of markets not using T2S account numbers (but legacy or proprietary account numbers) to designate securities accounts managed in T2S in corporate actions and other post-trade services related messages. The AMI-SeCo confirmed that the objective of standard 15 is to ensure a harmonised usage of T2S account numbers to identify the accounts managed in T2S and the account holders regardless of whether such messages are generated within T2S or outside. Given the differing interpretation the AMI-SeCo does not report the markets in question as red (non-compliant) in this report but – with this clarification – expects all T2S markets to follow up and ensure compliance as soon as possible.

⁶ Discussions are ongoing on further harmonisation in the field of portfolio transfers in T2S markets, which might result in adapting T2S standard 4 to allow tax information to be passed on with certain conditions. Therefore, the detected non-compliance may be resolved in future through an agreement with AMI-SeCo on the harmonised treatment of portfolio transfers.

Harmonisation of the post-trade environment of securities settlement

As of this report – in light of the consolidated monitoring of T2S CA and CAJWG standards by the AMI-SeCo's Corporate Events Group (CEG) – the AMI-SeCo agreed to align the methodology of presenting compliance on the corporate actions (CA) market standards with that of the T2S CA standards. This implies switching to a binary colour assessment and resulted in showing all markets that are not fully compliant as red. With a view to lack of full compliance all but two T2S markets are now shown as red and – accordingly – the aggregate level of compliance with standard 18 is assessed as red. However, overall, progress has been made by 11 markets towards full compliance since the previous report as detailed further in the report by the CEG.⁷

Overall assessment

Further small progress has been made on compliance with monitored T2S harmonisation standards, primarily due to some progress on compliance with the T2S calendar standard, and the T2S corporate actions standards. Based on the qualitative feedback received from T2S markets the slow progress in this review period can be partly explained by the fact that the remaining non-compliance cases are more difficult to resolve and by the impact of the COVID-19 pandemic. The key area of pronounced non-compliance remain standard 6 and standard 18 relating to T2S corporate actions and the corporate action market standards, where progress has been observed but a number of non-compliant markets have announced further implementation delays and others have not developed any concrete plans.

AMI-SeCo continues to pay particular attention to the remaining non-compliance cases and to the plans to resolve them according to the established framework as agreed by the T2S community.⁸ In a few cases, achieving full compliance depends on further action involving public authorities or even on changing long-standing national legal requirements, which is beyond the control of the T2S community. In many of these cases, no concrete plans are in place to secure compliance by the affected T2S markets, but discussions are ongoing with the relevant authorities (tax authority, Ministry of Finance, national legislature) on the prospect of removing the related barriers. AMI-SeCo expects all T2S markets to work towards securing full compliance, including developing plans and implementing them, regardless of whether the plans may be dependent on third parties.

3.2 Monitoring results per T2S market

Table 2 provides detailed harmonisation compliance results for each T2S market. Further details can be found in Annex 2

⁷ See the 2020 Corporate Events Compliance report by the AMI-SeCo Corporate Events Group

⁸ See Annex 3 on the assessment of the impact of existing non-compliance cases.

Table 2

Compliance status per T2S market

(as at September 2020)

T2S markets	Core T2S settlement harmonisation															Harmonisation of post-trade environment of securities settlement	
	1 T2S messages ISO 20022	2 T2S matching fields	3 Interaction with T2S (registration)	4 Interaction with T2S (tax procedure)	5 Schedule for the settlement day	6 T2S CA standards	7 T2S settlement finality I	8 T2S settlement finality II	9 T2S settlement finality III	10 Outsourcing IT (settlement) services	12 Settlement cycle	13 Availability of omnibus accounts	14 Restriction s on omnibus accounts	15 Securities account number	16 Cash account number	18 CA market standards (CAJWG)	23 Securities amount data
AT	B	B	B	B	B	R-?	B	B	B	B	B	B	B	B	B	R-?	B
BE - Euroclear	B	B	B	B	B	R-Q1 2021	B	B	B	B	B	B	B	B	B	R-?	B
BE - NBB SSS	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	R-2025	B
CH	B	B	B	B	B	R-?	B	B	B	B	B	B	B	B	N/A	R-?	B
DE	B	B	B	B	B	R-?	B	B	B	B	B	B	B	B	B	R-Q4 2021	B
DK	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	R-?	B
EE	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	R-?	B
ES	B	R-?	B	B	B	B	B	B	B	B	B	B	B	B	B	R-?	B
FR - EF	B	B	B	B	B	R-Q1 2021	B	B	B	B	B	B	R-?	B	B	R-Q1 2021	R-?
FR - ID2S	B	B	B	N/A	B	R-?	B	B	B	B	B	R-2020	R-2020	B	B	R-?	B
GR – BOGS	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B
HU	N/A	R-Mar 2021	B	B	B	R-Nov 2022	B	B	B	B	B	B	B	B	N/A	R-Nov 2022	B
IT	B	B	B	R-?	B	B	B	B	B	B	B	B	B	B	B	R-?	B
LT	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	R-?	B
LU – LUX CSD	B	B	B	B	B	R-?	B	B	B	B	B	B	B	B	B	R-?	B
LV	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	R-?	B
MT	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	R-?	B
NL	B	B	B	B	B	R-Q1 2021	B	B	B	B	B	B	B	B	B	B	B
PT	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	R-Q4 2021	B
RO	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	R-?	B
SI	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B
SK (CDCP)	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	R-?	B
SK (NCDCP)	B	R-Q2 2021	B	B	B	R-Q2 2021	B	B	B	B	B	B	B	B	B	R-?	B

Table 2 shows current compliance statuses for 20 T2S markets. However, where more than one CSD exists in a given T2S market, each CSD “market segment” is monitored separately. For example, in the case of Belgium, NBB-SSS and Euroclear Belgium are treated as two different “markets” or two segments of a single national market. AMI-SeCo focuses its analysis on T2S markets rather than on specific T2S actors (CSDs, etc.), since there is a common understanding that harmonisation compliance is a coordinated effort across the entire national market. This usually involves national market infrastructures, their clients and, where relevant, national public authorities (for example, on issues related to tax and corporate actions).

With regard to its methodology, AMI-SeCo assesses all migrated T2S markets as either blue (full compliance has been achieved) or red (full compliance has not yet been achieved). More details on the colour scheme methodology used by AMI-SeCo are available in Annex 4.

Table 3 provides a statistical summary of developments in compliance cases:

- **89.3% of the statuses are blue, which is a slight improvement compared to the tenth harmonisation progress report (88.7%).** This increase is due to two non-compliance cases having been resolved in the review period (Italy on T2S corporate actions and Hungary on the T2S calendar).
- **The share of red (non-compliance) statuses increased from 6.4 % to 9.7%.⁹** This is primarily due to the change in methodology as proposed by the CEG related to presenting not fully compliant markets as red with Standard 18 (CA market standards) resulting in 15 additional red statuses compared to the previous report. As highlighted above, and in more detail in the report by the CEG, despite the change in the presentation, overall, there has been progress by T2S markets towards compliance on Standard 18.

Table 3
Summary of compliance statistics for T2S markets

(as at September 2020)

	Tenth HPR (September 2019)			Eleventh HPR (September 2020)		
	Priority 1	Priority 2	% of total	Priority 1	Priority 2	% of total
	322	25	88.7%	324	25	89.3%
Green	0	15	3.8%	0	0	0.0%
Yellow	0	0	0.0%	0	0	0.0%
Red	19	6	6.4%	17	21	9.7%
N/A	4	0	1.0%	4	0	1.0%
Total	345	46	100% (391)	345	46	100% (391)

⁹ There are also three statuses marked “N/A” (not applicable) in Table 2. These relate to instances where the local national central bank (NCB) does not provide liquidity (standard for cash accounts) and to the non-applicability of ISO messages in one market (no application-to-application (A2A) connectivity to T2S).

Table 4 shows a breakdown of changes in compliance assessments by T2S market and harmonisation standard compared with the tenth harmonisation progress report. Overall, the changes resulted in more cases of full compliance than backward steps.

There has been some progress among the non-compliance cases observed in several markets leading to a lower overall impact on the T2S community.¹⁰ One market (DE) has shifted from a high overall impact assessment to a low overall impact assessment following the implementation of the CA Standards on Market Claims, with high impact on the T2S Community. In addition, three markets (BE, NL, FR-Euroclear) have all shifted from a medium overall impact assessment for standard 6 to a low overall impact assessment. This is due to Euroclear's planned migration to a new CA platform which is due to take effect in March 2021. Further, for the Slovakian market (NCDP) the impact remains assessed as low, but it is noted that the risk of not achieving full compliance with the T2S Corporate Action standards has decreased due to the Slovakian market's (NCDP) plans to become fully compliant by the second quarter of the year 2021.

¹⁰ For full details on the assessed impact of non-compliance with Core T2S settlement standards per market, please see Annex 3.

Table 4

Change in compliance statuses compared to tenth harmonisation progress report

(as at September 2020)

T2S markets	Core T2S settlement harmonisation																Harmonisation of post-trade environment of securities settlement	
	1 T2S messages ISO 20022	2 T2S matching fields	3 Interaction with T2S (registration)	4 Interaction with T2S (tax procedure)	5 Schedule for the settlement day	6 T2S CA standards	7 T2S settlement finality I	8 T2S settlement finality II	9 T2S settlement finality III	10 Outsourcing IT (settlement) services	12 Settlement cycle	13 Availability of omnibus accounts	14 Restrictions on omnibus accounts	15 Securities account number	16 Cash account number	18 CA market standards (CAJWG)	23 Securities amount data	
AT																G	R	
BE - Euroclear																G	R	
BE - NBB SSS																B	R	
CH																G	R	
DE																G	R	
DK																G	R	
EE																G	R	
ES																G	R	
FR - EF																G	R	
FR - ID2S																G	R	
GR – BOGS																		
HU					R	B												
IT						R	B									G	R	
LT																G	R	
LU – LUX CSD																G	R	
LV																G	R	
MT																		
NL																G	B	
PT																G	R	
RO																G	R	
SI																		
SK (CDCP)																		
SK (NCDCP)																		

Table 5

Compliance status for not yet migrated T2S market

(as at September 2020)

T2S markets	Priority 1															Priority 2	
	1	2	3	4	5	6	7	8	9	10	12	13	14	15	16	18	23
	T2S messages	T2S	Interaction with T2S	Interaction with T2S	Schedule for the settlement day	T2S CA standards	T2S settlement finality I	T2S settlement finality II	T2S settlement finality III	Outsourcing IT (settlement) services	Settlement cycle	Availability of	Restrictions on	Securities account number	Cash account number	CA market standards (CAJWG)	Securities amount data
ISO 20022	matching fields	(registration)	(tax procedure)								omnibus accounts	omnibus accounts					
FI	B	B	B	B	G	R-?	B	B	B	B	B	B	Y	B	G	G	B

3.3 Migration of the Finnish market to T2S

With officially confirming its target date for T2S in 2020 Euroclear Finland commenced the process for the migration of the Finnish market to T2S. In November 2020 Euroclear Finland indicated its preference to the Market Infrastructure Board (MIB) for migrating to T2S in September 2023, while also taking into account a stabilisation period to avoid contention with the T2-T2S consolidation project implementation. The feasibility of the target migration date remains to be confirmed by the T2S Steering Level, i.e. Market Infrastructure Board (MIB) and T2S CSD Steering Group (CSG), based on the analysis performed by the T2S technical groups, to be completed in the first half of 2021.

Euroclear Finland operates in a direct holding market, with a significantly higher number of securities accounts to be maintained in T2S than is the case with markets using the indirect holding model. The potential impact and technical adjustments needed to ensure a smooth migration are currently being analysed by Euroclear Finland and the Eurosystem. In preparation for the migration, the Finnish market have also provided their compliance status, as seen in Table 5.¹¹ While full compliance (blue) has already been achieved for many of the standards there are still some that require additional efforts. The T2S CA Standards (Standard 6) on Buyer Protection and Transformation is intended to be implemented when Euroclear Finland joins T2S, whereas full compliance with Market Claims standards requires major technical changes that will likely not take place before the migration date. For Standard 14 on Restrictions on Omnibus accounts there are national legislation that obliges investors in the Finnish market to maintain their Finnish securities' holdings in a segregated account. The impact of this requirement on the compliance with Standard 14 requires further analysis. Full compliance with this standard may require legislative / regulatory change.

¹¹ Further details can also be found in annex 2. As Euroclear Finland is in the process of migrating the full four-color scheme is used as outlined in the methodology in annex 4.

4 Collateral management harmonisation – SCoRE

Collateral management harmonisation is critical to the integration of European financial markets. Market participants in AMI-SeCo agreed to establish a Single Collateral Management Rulebook for Europe (SCoRE), which identifies ten collateral management harmonisation activities¹² where further harmonisation is needed. A series of milestones and timelines have been defined against which progress will be measured in order to ensure transparency regarding the status of compliance of all relevant actors with the AMI-SeCo standards.

In 2019 AMI-SeCo endorsed the first set of AMI-SeCo Standards relating to three of the ten activities, namely Triparty Collateral Management, Corporate Actions and Billing Processes. Endorsement of the Standards represents the first step in the AMI-SeCo monitoring process. The results of this monitoring process for 2020 were published by the AMI-SeCo in two reports and are also summarised in section 4.1, for an overview of the SCoRE adaptation plans, and 4.2 for an overview of the SCoRE implementation monitoring.

The objective is to have a first set of harmonised rules and processes for collateral management implemented across Europe by November 2023. From then onwards, stakeholders will be able to use a common set of business processes and data, with interactions between relevant actors being based on latest international messaging standards (thereby enabling frictionless movement of cash, securities and collateral).

4.1 Adaptation plans by AMI-SeCo markets

Implementation actors in NSGs have been asked by AMI-SeCo to describe their actual planning arrangements and to provide adaptation plans outlining how they intend to comply with the standards¹³. Market stakeholders in NSGs have reviewed the Adaptation Plans. The SCoRE Adaptation Plans Status Report¹⁴ summarises the status overview of the plans received. Adaptation Plans have been provided by the majority of AMI-SeCo markets, each of which have expressed strong support and commitment to implementing the AMI-SeCo Standards. A summary of the status is provided in the map below (see Figure 1).

¹² Triparty Collateral Management, Corporate Actions, Taxation Processes, Bilateral Collateral Management, Margin Calls, Billing Processes, Cut-Off Times, Collateral Dynamic and Static Data, Sourcing of Collateral and Non-Euro Collateral.

¹³ Full details are available through the [Monitoring Framework: Single Collateral Management Rulebook for Europe](#).

¹⁴ Full details are available in [SCoRE Adaptation Plans Status Report - Single Collateral Management Rulebook for Europe, July 2020](#).

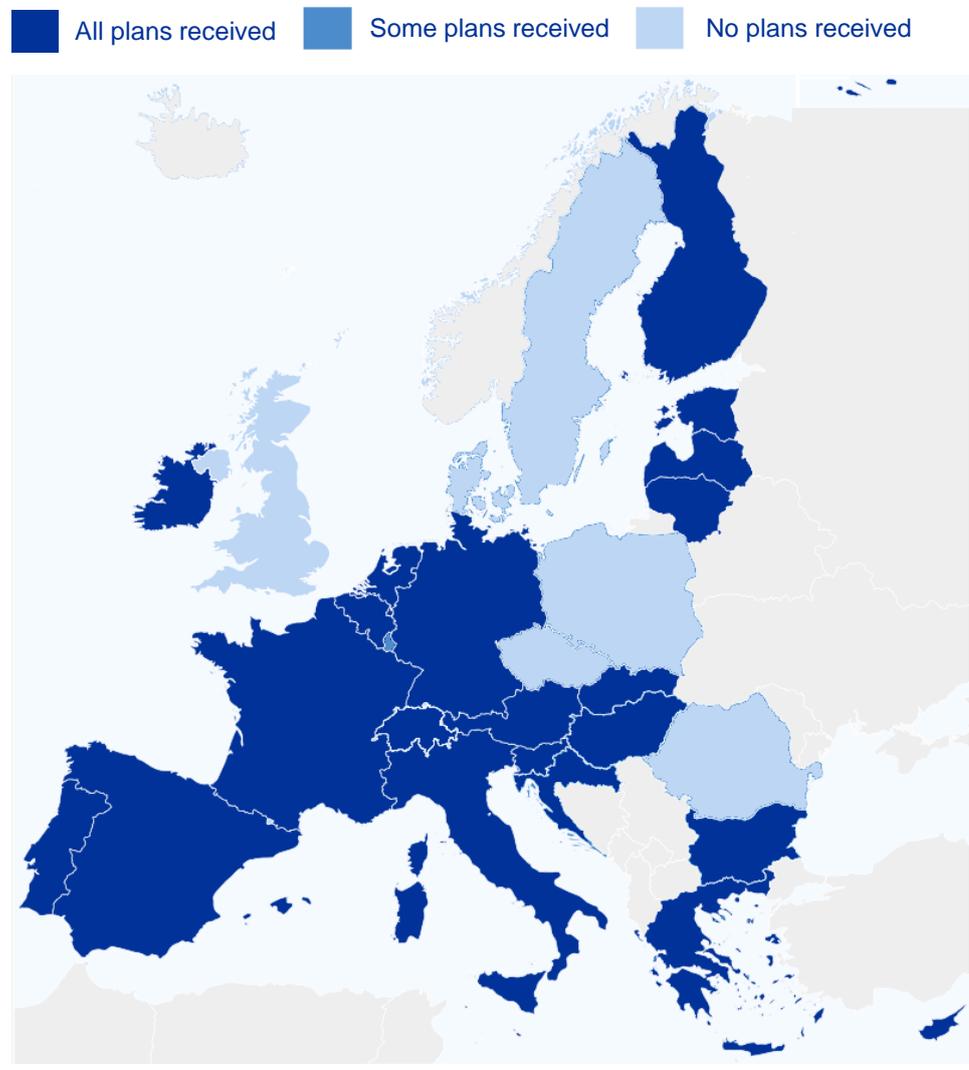
In total, implementing actors were asked to prepare 100 Adaptation Plans. In the NSGs in the European Union, United Kingdom and Switzerland, TPAs and CSDs provided Adaptation Plans for the relevant sets of AMI-SeCo Standards. This resulted in a request to prepare:

- 8 Adaptation Plans for Triparty Collateral Management (from 8 TPAs)
- 46 Adaptation Plans for Corporate Actions (from 38 CSDs and 8 TPAs)
- 46 Adaptation Plans for Billing Processes (from 38 CSDs and 8 TPAs)

= 100 Adaptation Plans

Figure 1

Adaptation plan status for each AMI-SeCo market



4.2 Implementation monitoring by AMI-SeCo markets

The implementation of the detailed SCoRE Adaptation Plans will be subject to regular monitoring and assessment, with the assessment results being made transparent in the form of a regular SCoREBOARD report. The first SCoREBOARD report¹⁵ was published in June 2020 and the results confirm the strong commitment and willingness by all relevant stakeholders to implement the Standards in line with the agreed roadmap. The report covers four main areas as outlined in Box 1 below.

Box 1

SCoREBOARD overview



Participation

Most markets (24 out of 29) participated in the first SCoRE monitoring exercise.

- All Triparty Agents (TPAs) (8 out of 8) participated in the exercise.
- The majority of Central Securities Depositories (CSDs) (30 out of 38) also participated in the exercise.
- There was a broad involvement of custodians in the exercise, with a minimum of five custodians reporting in most markets, thus ensuring wide coverage of custody activities in each market. In some markets there is a need for further engagement in order to achieve broader representation of custodians.

¹⁵ Full details are available in the [SCoREBOARD - First Compliance & Progress Report, June 2020](#).

- Issuer engagement has commenced in the field of Corporate Actions. Further work on issuer engagement is needed in all markets.

Progress

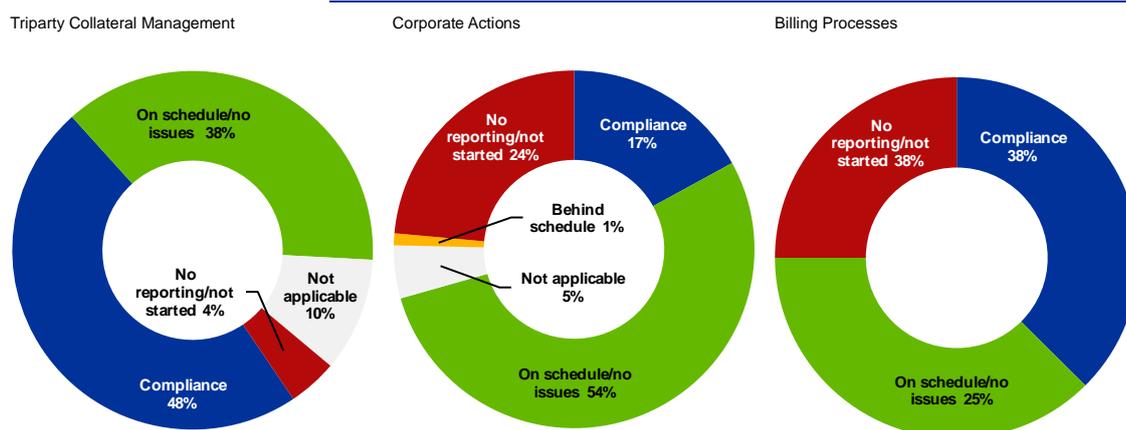
A majority of the markets are on schedule, i.e. a detailed analysis of the Standards has commenced in line with the compliance indicators and as detailed in the adaptation plans provided.

Compliance

In the first SCoREBOARD report there was already some compliance reported, for an overview per activity see box 2.

Box 2

SCoREBOARD overview of compliance per activity



Notes: The graph provides a snapshot of the current status of compliance per activity by illustrating the colour codes assigned to (i) TPAs for the Triparty Collateral Management Standards and (ii) to CSDs for the Corporate Actions and Billing Processes Standards. Proportions are calculated based on the number of Standards of a certain colour across all AMI-SeCo markets.

Some of the **SCoRE Triparty Standards** are already being complied with (mainly related to Triparty Collateral Management processes regarding initiation, increase, reporting on stock and partial settlement). A large part of the remaining Standards is on schedule towards compliance.

Among the CSDs the highest levels of compliance with the **SCoRE CA Standards** are observed in Standards 4 to 14 (which are primarily related to market practices). Further, for Standards 1 to 3 and 15 related to workflows and messaging implementation is on schedule. Among the TPAs there was already a high level of compliance (50%) with the SCoRE CA Standards, and for the remaining Standards implementation is on schedule. Compliance from custodians with many of the SCoRE CA Standards is on track (i.e. in 15 markets, more than 50% of custodians were on track). Compliance with the SCoRE CA Standards among issuers is on track in some

markets whereas in other markets the compliance effort should be increased to receive feedback from the issuer community.

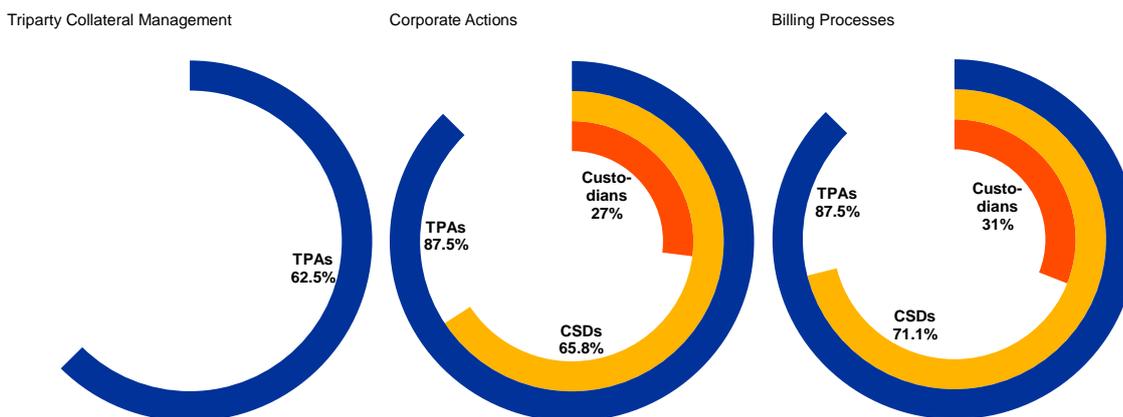
Among both the CSDs and the TPAs a high level of compliance with the **SCoRE Billing Standards** are observed in Standards 2 (Billing Cycle) and 3 (Cut-off date) and compliance with the remaining Standards 1 (ISO 20022) and 4 (Date for payment fees) is largely on track. Custodians reported on the start of their efforts towards compliance and results were aggregated per market/NSG to indicate progress achieved by all custodians in relation to the market. A relatively low level of reporting among custodians was highlighted as a point for attention in future monitoring.

Compliance indicators

The Compliance Indicators do not point to major obstacles to achieving full compliance with the SCoRE Standards, but further efforts should be undertaken to achieve full compliance on time, for an overview per activity see box 3.

Box 3

SCoREBOARD overview of compliance indicators per activity



Notes: Box 3 provides an overview of the reporting entities that expect to meet the final Compliance Indicator prior to the implementation deadline. Percentages are calculated based on the expected number of respondents across all AMI-SeCo markets.

A majority of the TPAs expect to be on track to achieve full compliance on time with the **Triparty SCoRE Standards**.

For the **SCoRE CA Standards** and **SCoRE Billing Standards** a majority of TPAs and CSDs expect to be on track to achieve full compliance on time (i.e. 65.8% of CSDs and 87.5% of TPAs for CA Standards and 71.1% of CSDs and 87.5% of TPAs for Billing Standards). The gap primarily relates to ongoing planning exercises in non-euro CSDs. The number is therefore expected to increase during the next monitoring exercise as remaining Adaptation Plans are finalised. By comparison, for custodians the numbers are low (in 15 out of 29 markets, more than 50% of custodians were on track) and further action is needed to increase awareness among custodians in view of meeting the deadline for compliance on time.

Annex 1: Core T2S settlement and wider post-trade harmonisation activities

See [AMI-SeCo core T2S Settlement and wider post-trade harmonisation activities](#) published on the ECB website.

Annex 2: Detailed monitoring information per T2S market

T2S harmonisation activities: Austria

T2S harmonisation activities: Belgium (Euroclear)

T2S harmonisation activities: Belgium (NBB-SSS)

T2S harmonisation activities: Switzerland

T2S harmonisation activities: Germany

T2S harmonisation activities: Denmark

T2S harmonisation activities: Estonia

T2S harmonisation activities: Spain

T2S harmonisation activities: France (EF)

T2S harmonisation activities: France (ID2S)

T2S harmonisation activities: Greece (BOGS)

T2S harmonisation activities: Hungary

T2S harmonisation activities: Italy

T2S harmonisation activities: Lithuania

T2S harmonisation activities: Luxembourg (LUX CSD)

T2S harmonisation activities: Latvia

T2S harmonisation activities: Malta

T2S harmonisation activities: The Netherlands

T2S harmonisation activities: Portugal

T2S harmonisation activities: Romania

T2S harmonisation activities: Slovenia

T2S harmonisation activities: Slovakia (CDCP)

T2S harmonisation activities: Slovakia (NCDCP)

Annex 3: Impact assessment of non-compliance

See [AMI-SeCo Impact Analysis Report on non-compliance with T2S harmonisation standards \(December 2019\)](#) published on the ECB website.

Annex 4: Methodology

See [Methodology for progress assessment on AMI-SeCo securities harmonisation activities published](#) on the ECB website.

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

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