

# SCoREBOARD

## Corporate Actions – H2 2022

German 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 inter alia the implementation of the Single Collateral Management Rulebook for Europe.

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.

### Introduction

This summary report presents the results of the H2 2022 monitoring exercise conducted by the German NSG with the involvement among the following stakeholders:

- 1 CSD – Clearstream Banking Frankfurt
- 16 Custodians
- 8 Issuers

The report focuses on the milestones to be met by the time the survey closed. In this monitoring exercise, participants were expected to have achieved all the milestones up to Milestone 8 inclusive “Internal testing Started for SCoRE” (with a deadline of 1 July 2022) 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 German market is mostly on track

The overall implementation of the Corporate Actions Standards in the German market is mostly on track, however, a more detailed view shows a mixed image.

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

	 Response Rate	 Implementation Status of the standards	Are all milestones 1 to 8 inclusive achieved?	Will the last milestone 13 be implemented on time (i.e. by 20 November 2023) ?
Custodians	94%	Implemented 28.6% Implementation started 19.9% Analysis started 28.6% Analysis not started 0.5% Non applicable standards 22.2% Replies not submitted 0%	Average % of milestones achieved 33%	% of custodians on time 75%
Issuers	75%	Aware of obligations 37.5% Not aware of obligations 54.9% Replies not submitted 7.57%	NA (milestones irrelevant for issuers)	NA
CSD - Clearstream Banking Frankfurt	Survey submitted	Implemented 22.5% Implementation started 61.7% Analysis started 2.55% Analysis not started 0% Non applicable standards 13.1% Replies not submitted 0%	No	Yes

Clearstream Banking Frankfurt adaptation activities are ongoing: 22,5 % of the Corporate Actions standards are already implemented while implementation started for 61,7% of the standards. The analysis has started for 2,55% of the standards. About 13,1% of the standards are not applicable to CBF. Hence, overall implementation is on track.

Clearstream Banking Frankfurt has reported a delay on the current Milestones 7 (SCoRE Adaptation Completed) and 8 (Internal Testing Started). It will reach Milestone 7 by June 2023 and Milestone 8 by January 2023 respectively. Milestone 9 (Internal Testing Completed) will be met by June 2023.

Milestone 10 (External Testing Started) will be met by CBF in March 2023.

Clearstream Banking Frankfurt informed that it will cease to be a Triparty Agent as of ECMS Go Live. From this date on Clearstream Banking Luxembourg will apply the harmonised triparty model and act as sole provider of TPA services within Clearstream group. For this reason, Clearstream Banking Frankfurt as TPA will no longer be monitored within this exercise.

The implementation status of German custodians varies - depending on the specific standard - within the range of between 20% and 69%.

About 75% of custodians confirm that they will meet the targets as specified by the AMI-SeCo's milestones.

More than a third of the issuers confirm awareness of their obligations.

### **CSD – Clearstream Banking Frankfurt**

*Clearstream Banking Frankfurt adaptation activities are ongoing: 22,5 % of the Corporate Actions standards are already implemented while implementation started for 61,2% of the standards. The analysis has started for 2,55% of the standards. 13,1% of the standards are not applicable. Hence, overall implementation is on track.*

CBF is in process of development and implementation of corporate actions standards

More in detail, out of the 34 sets of standards mentioned in table 1 below, 8 have already been implemented and 21 are on ongoing development and implementation. 3 sets of Standards (Standard 12 – Handling of Fees, Standard 4: Rule 1-3 and Standard 1H: Meeting Results) are under ongoing analysis. Standard 5 – Negative cash flow is considered under implementation: CBF will not accept assets (as Issuer CSD) with fixed negative rate; for floating rate securities (as Issuer CSD) a floor is set at zero. As Issuer CBF is therefore compliant with Standard 5 but needs to publish this guidance. As investor CSD, CBF does process negative rates but needs enhancement.

For Standard 4 Rule 1-3 are under on ongoing analysis. The implementation is currently planned for after the go live of ECMS due to the big changes necessary and unclarity how exactly to comply with the standard.

Clearstream Banking Frankfurt has reported a delay on the current Milestones 7 (SCoRE Adaptation Completed) and 8 (Internal Testing Started). It will reach Milestone 7 by June 2023 and Milestone 8 by January 2023 respectively. Milestone 9 (Internal Testing Completed) will be met by June 2023.

Milestone 10 (External Testing Started) will be met by CBF in March 2023.

All other Milestones remain on track.

### **TPA – Clearstream Banking Frankfurt**

Clearstream Banking Frankfurt informed that it will cease to be a Triparty Agent as of ECMS Go Live. From this date on Clearstream Banking Luxembourg will apply the harmonised triparty model and act as sole provider of TPA services within Clearstream group. For this reason Clearstream Banking Frankfurt as TPA will no longer be monitored within this exercise.

### **Custodians**

29% of custodians in the German market have commenced internal analysis

There was a high response rate among custodians. Almost all custodians have responded (94% response rate)

Overall, the respondents have already implemented 28,6% of the Corporate Actions standards. For about 28,6% the analysis has started, while for 19,9% implementation has started. The analysis of 0,5 % of the standards has not yet started. 22,2% of the standards are not applicable to them.

The level of compliance varies significantly across the different Standards.

Out of the 24 sets of Corporate Actions standards applicable to custodians, the adoption rate is above 60% for 7 of them and highest compliance status of 69% is achieved for Standard 4 (Rounding Rule 1 and 3). The lowest compliance status of 20% is achieved for Standard 15 (ISO 20022 messaging).

As regards the implementation milestones, only 33% of the custodians have already reached the eight current milestones. The most recent Milestone 8 (SCoRE Adaptation Started) and Milestones 7 (SCoRE Adaptation Completed) have been met by 25% of custodians. Milestone 9 and 10 (Internal Testing Completed and External Testing Started) will be met according to the specified timeline by 31% and 38% of the custodians. The final Milestone 13 (SCoRE Standards Implemented) will presumably be met by 75% of custodians.

### **Issuers**

More than a third of Issuers confirms awareness of obligation

Issuers were asked to confirm awareness of their obligation to provide all relevant information to the Issuer CSD (on a Yes/No basis). Confirmed awareness by Issuers ranges - depending on the relevant standard – between 10% (Standard 1F Meeting Notification) and 88% (Standard 6 Business Day Rule and Standard 7 – Securities Amount Data Rule 1).

Deutsche Bundesbank is on track to adopt the AMI-SeCo Standards by November 2023

## NCB

Deutsche Bundesbank is on track to implement the SCoRE Standards for Corporate Actions for its collateral management activities by November 2023.

## 2 Compliance level with the standards

This section provides an overview of the current status of compliance with the corporate actions standards. CSDs are monitored on an individual basis and are assigned a colour-code status in accordance with the methodology outlined in figure 2 below. Custodians and Issuers are too many to represent individually. Thus the replies of custodians and issuers 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 - Clearstream Banking Frankfurt
1A: Notification	60%	23%	G
1B: Instruction	57%		G
1C: Advise	41%		G
1D: Confirmation	41%		G
1E: Reversal	34%		G
1F: Meeting Notification	60%	10%	G
1G: Meeting Instruction	56%		G
1H: Meeting Results	43%		Y
2: Calculation of Proceeds	61%	25%	G
3: Consistency of Information	54%	13%	G
4: Rounding Rule 1	69%	38%	Y
4: Rounding Rule 2	56%	38%	Y
4: Rounding Rule 3	69%	50%	Y
4: Rounding Rule 4	50%	50%	G
4: Rounding Rule 5	63%	75%	B
5: Negative Cash Flows	31%	25%	G
6: Business Day Rule		88%	G
7: Securities Amount Data Rule 1		88%	G*
7: Securities Amount Data Rule 2		63%	B
7: Securities Amount Data Rule 3		50%	B
7: Securities Amount Data Rule 4		50%	B
8: Payment Time Rule 1		50%	G
8: Payment Time Rule 2		25%	G
8: Payment Time Rule 3		38%	B
8: Payment Time General Principle 3		38%	B
9: Processing Status	44%	75%	G
10: Rule 1	56%		G
10: Rule 2	56%		G
10: Rule 3	44%		G
11: Default Option	63%	50%	B
12: Handling of Fees	31%		Y
13: Reversal	44%	38%	G
14: Foreign Currency			B
15: ISO 20022 Messaging	20%		G

Notes:

- \* Standard 7 – Rule 1: No information is available regarding already issued securities not complying with this rule
- 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 percentage of custodians which have implemented standards / standards being 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 20 November 2023 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?	02/12/2022
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)?	20/03/2023
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?	01/04/2023
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)?	13/10/2023
M13	<b>SCoRE Standards Implemented:</b> have the SCoRE Standards been implemented?	20/11/2023

The current H2 2022 monitoring exercise focuses on milestones 1 to 8 given that Milestone 8 inclusive “Internal testing Started for SCoRE” (with a deadline of 1 July 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**  
Entities' expectation of achieving the milestones at the set dates

	Custodians	CSD - Clearstream Banking Frankfurt
Milestone 1 June 2020	50%	Yes
Milestone 2 March 2021	50%	Yes
Milestone 3 July 2021	25%	Yes
Milestone 4 December 2021	25%	Yes
Milestone 5 December 2021	25%	Yes
Milestone 6 January 2022	38%	Yes
Milestone 7 June 2022	25%	06/23
Milestone 8 July 2022	25%	01/23
Milestone 9 December 2022	31%	06/23
Milestone 10 March 2023	38%	03/23
Milestone 11 April 2023	50%	Yes
Milestone 12 October 2023	69%	Yes
Milestone 13 November 2023	75%	Yes

## 4 Concluding remarks

Clearstream Banking Frankfurt has reported a delay on the current Milestones 7 (SCoRE Adaptation Completed) and 8 (Internal Testing Started). It will reach Milestone 7 by June 2023 and Milestone 8 by January 2023 respectively. Milestone 9 (Internal Testing Completed) will be met by June 2023.

Milestone 10 (External Testing Started) will be met by CBF in March 2023.

In addition, Clearstream Banking Frankfurt provided the following information:

For Milestone 7,8,9: Standard 12 is still being analysed regarding feasibility. Standard 15 at significant risk owing to ECMS message version issue (see above). Launch date is still supported, however actions are now required to mitigate issues impacting the User Testing dates in line with ECMS User Test. A significant increase in risk has been seen for some standards since the last report owing to issues with ECMS (e.g. message versions) and as a knock on effect of the late publication on the current version of the standards.

For Milestone 10: the date entered reflects their current plan which is in line with the first planned User Test of ECMS, during which SCoRE compliance will be externally tested with ECMS. However, the scope of this first test is severely at risk owing to the issues with ECMS (e.g. message versions) and as a knock on effect of the late publication on the current version of the standards.

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Postal address 60640 Frankfurt am Main, Germany

Telephone +49 69 1344 0

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