

SCoREBOARD

Corporate Actions – H2 2023

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 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 H2 2023 monitoring exercise conducted by the German NSG with the involvement among the following stakeholders:

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

25 entities are monitored in the German market

The findings of the monitoring exercise reflect the Milestones roadmap in place by the time the survey closed (i.e., 13 October 2023) and do not yet consider the AMI-SeCo reflections on the rescheduling of the existing SCoRE Standards implementation deadline from 8 April 2024 to 18 November 2024. In this monitoring exercise, participants were expected to have achieved all the milestones up to Milestone 11 inclusive “Final external communication on SCoRE” (with a deadline of 22 May 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 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 11 inclusive achieved?	Will the last milestone 13 be implemented on time (i.e. by 08 April 2024)?
Custodians	69%	Implemented 28.5% Implementation started 9.41% Analysis started 14.0% Analysis not started 0.5% Non applicable standards 16.1% Replies not submitted 31.2%	Average % of milestones achieved 25%	% of custodians on time 31%
Issuers	50%	Aware of obligations 20.0% Not aware of obligations 29.9% Replies not submitted 50%	NA (milestones irrelevant for issuers)	NA
CSD - Clearstream Banking Frankfurt	Survey submitted	Implemented 25% Implementation started 74.5% Analysis started 0.5% Analysis not started 0% (Non applicable standards 16.9%)	No	Yes

Clearstream Banking Frankfurt adaptation activities are ongoing: considering only the standards applicable for CBF (i.e. excluding 16,9% of the standards/rules that are not applicable), 25,0% of the Corporate Actions standards are already implemented while implementation started for 74,5% of the standards. The analysis has started for 0,5% of the standards. Fourty specific rules within 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 9 (Internal Testing Completed). It reached Milestone 7 by December 2023 and will met Milestone 9 by April 2024 respectively.

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 29% and 75%.

About 50% 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

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

Clearstream Banking Frankfurt adaptation activities are ongoing: 25 % of the Corporate Actions standards are already implemented while implementation started for 74,5% of the standards. The analysis has started for 0,5% of the standards. 16,9% of the standards are not applicable. Hence, overall implementation is on track.

More in detail, out of the 34 sets of standards/rules mentioned in table 1 below, 11 have already been implemented and 21 are on ongoing development and implementation. 2 Standards (Standard3 – Consistency of Information and Standard 4: Rounding Rule 1) are under ongoing analysis.

Clearstream Banking Frankfurt has reported a delay on the current Milestones 7 (SCoRE Adaptation Completed) and 9 (Internal Testing Completed). It reached Milestone 7 by December 2023 and will met Milestone 9 by April 2024 respectively.

All other Milestones remain on track.

TPA – Clearstream Banking Frankfurt

CBF as TPA will be no longer monitored

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

31% of custodians in the German market have the external testing completed (Milestone 12)

There was a lower response rate among custodians than in the previous half year. More than half of the custodians have responded (69% response rate). In the previous monitoring round, the figure was 94 percent.

Overall, the respondents have already implemented 28,5% of the Corporate Actions standards. For about 14% the analysis has started, while for 9,4% implementation has started. The analysis of 0,5% of the standards has not yet started. 16,1% 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/rules applicable to custodians, the adoption rate is 50% and more for 12 of them and highest compliance status of 57% is achieved for Standard 1F (Meeting Notification), Standard 10 (Rule 2) and Standard 11 (Default Option). The lowest compliance status of 22% is achieved for Standard 15 (ISO 20022 messaging).

As regards the implementation of the milestones, only 13% of the custodians have already reached the current milestones (Milestone 9 - Internal Testing Complete, Milestone 10 External Testing Started) on time. The recent Milestone 11 (Final External Communication) has been met by 19% of the custodians. Milestone 12 (External Testing Completed) will be met according to the specified timeline by 31% of the custodians. The final Milestone 13 (SCoRE Standards Implemented) will presumably be met as well by 31% 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 0% (Standard 1F Meeting Notification) and 50% (Standard 4 Rounding Rule 3, Standard 6 Business Day Rule and Standard 7 – Securities Amount Data Rule 1).

NCB

Deutsche Bundesbank is on track to adopt the AMI-SeCo Standards by November 2024

Deutsche Bundesbank is on track to implement the SCoRE Standards for Corporate Actions for its collateral management activities by November 2024.

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



- 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	55%	10%	G
1B: Instruction	50%		G
1C: Advise	44%		G
1D: Confirmation	40%		G
1E: Reversal	43%		G
1F: Meeting Notification	57%	0%	G
1G: Meeting Instruction	55%		G
1H: Meeting Results	41%		G
2: Calculation of Proceeds	54%	13%	G
3: Consistency of Information	49%	0%	Y
4: Rounding Rule 1	53%	13%	Y
4: Rounding Rule 2	47%	13%	B
4: Rounding Rule 3	53%	50%	B
4: Rounding Rule 4	50%	38%	G
4: Rounding Rule 5	50%	38%	B
5: Negative Cash Flows	42%	13%	G
6: Business Day Rule		50%	G
7: Securities Amount Data Rule 1		50%	G
7: Securities Amount Data Rule 2		38%	B
7: Securities Amount Data Rule 3		25%	B
7: Securities Amount Data Rule 4		25%	B
8: Payment Time Rule 1		38%	G
8: Payment Time Rule 2		13%	G
8: Payment Time Rule 3		38%	B
8: Payment Time General Principle 3		25%	B
9: Processing Status	47%	38%	G
10: Rule 1	47%		G
10: Rule 2	57%		G
10: Rule 3	50%		G
11: Default Option	57%	25%	B
12: Handling of Fees	36%		G
13: Reversal	38%	13%	B
14: Foreign Currency			B
15: ISO 20022 Messaging	22%		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 % 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 to achieve compliance and implementation of the standards. The Milestone dates refer to the timeline in place at the moment of survey closing (i.e., 13 October 2023) and do not yet consider the AMI-SeCo reflections on the rescheduling of the existing SCoRE Standards implementation deadline from 8 April 2024 to 18 November 2024.

Table 2
Milestones identified by AMI-SeCo

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?	10/03/2023
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)?	22/05/2023
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?	22/05/2023
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)?	16/02/2024
M13	SCoRE Standards Implemented: have the SCoRE Standards been implemented?	08/04/2024

The current H2 2023 monitoring exercise focuses on milestones 1 to 11 given that Milestone 11 “Final external communication on SCoRE” (with a deadline of 22 May 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 - Clearstream Banking Frankfurt
Milestone 1 June 2020	38%	Yes
Milestone 2 March 2021	38%	Yes
Milestone 3 July 2021	19%	Yes
Milestone 4 December 2021	38%	Yes
Milestone 5 December 2021	25%	Yes
Milestone 6 January 2022	44%	Yes
Milestone 7 June 2022	13%	12/23
Milestone 8 July 2022	19%	Yes
Milestone 9 March 2023	13%	04/24
Milestone 10 May 2023	13%	Yes
Milestone 11 May 2023	19%	Yes
Milestone 12 February 2024	31%	Yes
Milestone 13 April 2024	31%	Yes

4 Concluding remarks

Clearstream Banking Frankfurt has reported a delay on the current Milestones 7 (SCoRE Adaptation Completed), 9 (Internal Testing Completed). It will reach Milestone 7 by December 2023 and will meet Milestone 9 by April 2024 respectively.

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