

# SCoREBOARD

## Corporate Actions – H1 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 H1 2022 monitoring exercise conducted by the German NSG with the involvement among the following stakeholders:

- 1 CSD – Clearstream Banking Frankfurt
- 1 Tri party agent (TPA) – 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 6 inclusive 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 6 inclusive achieved?	Will the last milestone 13 be implemented on time (i.e. by 20 November 2023) ?
<b>Custodians</b>	94%	Implemented 38.6% Analysis started 40.4% Implementation started 19.9% Analysis not started 0.88%	41%	88%
<b>Issuers</b>	67%	Aware of obligations 32.3% Not aware of obligations 46.7%	n/a	n/a
<b>CSD - Clearstream Banking Frankfurt</b>	100%	Implemented 30.2% Analysis started 3.55% Implementation started 66.2% Analysis not started 0%	No	Yes
<b>TPA - Clearstream Banking Frankfurt</b>	100%	Implemented 0% Analysis started 0% Implementation started 100% Analysis not started 0%	No	Yes

Clearstream Banking Frankfurt as CSD has already implemented 30,2 % of the Corporate Actions standards and has started implementation for 66,2% of them. The analysis has started for 3,55 % of remaining standards. Hence, implementation is on track.

For Clearstream Banking Frankfurt as TPA, standard one is the only relevant corporate action standard. All related sub-standards are currently in the process of ongoing development and implementation.

Clearstream Banking Frankfurt as CSD has not met the Milestone 3 (Analysis Completed). It will reach this milestone by May 2022. It is also envisaged that Milestone 4 will also not be achieved according to the timeline specified by the AMI-SeCo. They expect to meet Milestone 4 (Documentation Completed) by June 2022.

Clearstream Banking Frankfurt as CSD and TPA has not met the Milestone 5 and 7. It will reach Milestone 5 (Detailed External Communication) by June 2022 and Milestone 7 (SCoRE Adaptation Complete) by March 2023. The current Milestone 6 (SCoRE Adaptation started) has being met. Milestone 8 (Internal Testing Started) will also be delayed owing to the additional time required to complete adaptations (Milestone 7). The starting of the internal testing will anticipate at the beginning of 2023. Milestone 9 (Internal Testing Completed) completion of internal testing will be delayed owing to the delay to the start of internal testing (Milestone 8). Milestone 10 (External Testing Started) owing to late completion of internal testing will be met in May 2023.

The implementation status of German custodians varies - depending on the specific standard - within the range of between 27% and 85%.

About 41% 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 as CSD is in process of development and implementation of corporate actions standards

Clearstream Banking Frankfurt as CSD has already implemented 30,2 % of the Corporate Actions standards and has started implementation for 66,2% of them. The analysis has started for 3,55 % of remaining standards.

More in detail, out of the 36 sets of standards mentioned in table 1 below, 12 have already been implemented and 17 are on development and implementation. Seven sets of Standards (Standard 10 - Blocking, Standard 12 – Handling of Fees and Standard 1H: Meeting Results) are under ongoing analysis.

Clearstream Banking Frankfurt has not met the Milestone 3 (Analysis Completed). It will reach this milestone by May 2022. It is also envisaged that Milestones 4 and 5 will not be achieved according to the timeline specified by the AMI-SeCo. They expect to meet Milestone 4 (Documentation Completed) and Milestone 5 (Detailed External Communication) by June 2022 and Milestone 7 (SCoRE Adaptation

Complete) by March 2023. The current milestone 6 (SCoRE Adaptation started) has been met. Milestone 8 (Internal Testing Started) will also be delayed owing to the additional time required to complete adaptations (Milestone 7). The starting of the internal testing will anticipate at the beginning of 2023. Milestone 9 (Internal Testing Completed) will be delayed owing to the delay to the start of internal testing (Milestone 8). Milestone 10 (External Testing Started) owing to late completion of internal testing will be met in May 2023.

All other milestones remain on track.

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

CBF as TPA is in process of ongoing development and implementation of the corporate action standards relevant for triparty

Clearstream Banking Frankfurt as a TPA is still in the process of ongoing development and implementation of the corporate actions standards relevant to triparty agents.

Clearstream Banking Frankfurt has met Milestone 3 (Analysis Completed), Milestone 4 (Documentation Completed) and the current Milestone 6 (SCoRE Adaptation Started) according to the timeline specified by the AMI-SeCo.

It is also envisaged that Milestones 5 and 7 will also not be achieved according to the timeline specified by the AMI-SeCo. They expect to meet Milestone 5 (Detailed External Communication) by June 2022 and Milestone 7 (SCoRE Adaptation Complete) by March 2023. Milestone 8 (Internal Testing Started) will also be delayed owing to the additional time required to complete adaptations (Milestone 7). The starting of the internal testing will anticipate at the beginning of 2023. Milestone 9 (Internal Testing Completed) will be delayed owing to the delay to the start of internal testing (Milestone 8). Milestone 10 (External Testing Started) owing to late completion of internal testing will be met in May 2023.

All other milestones remain on track.

### **Custodians**

40% 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 38,6% of the Corporate Actions standards. About 40,4% of them have started the analysis, while 19,8% have started implementation.

The level of compliance varies significantly across the different Standards.

Out of the 26 sets of Corporate Actions standards applicable to custodians, the adoption rate is above 80% for 4 of them and highest compliance status of 85% is achieved for Standard 11 (Default Option). The lowest compliance status of 27% is achieved for Standard 15 (ISO 20022 messaging).

As regards the implementation milestones, only 41% of the custodians have already reached the six milestones. The most recent Milestone 6 (SCoRE Adaptation Started) has been met by 44%, whilst Milestones 7 (SCoRE Adaptation Completed)

will be 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 50% of the custodians. The final Milestone 13 (SCoRE Standards Implemented) will presumably be met by 88% 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 9% (Standard 1F Meeting Notification) and 78% (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 2023

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 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 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	TPA - Clearstream Banking Frankfurt
1A: Notification	64%	20%	G	G
1B: Instruction	62%		G	G
1C: Advise	45%		G	G
1D: Confirmation	45%		G	G
1E: Reversal	37%		G	G
1F: Meeting Notification	80%	9%	G	G
1G: Meeting Instruction	80%		G	G
1H: Meeting Results	71%		Y	G
2: Calculation of Proceeds	69%	22%	G	
3: Consistency of Information	65%	11%	G	
4: Rounding Rule 1	80%	33%	G	
4: Rounding Rule 2	64%	33%	G	
4: Rounding Rule 3	79%	44%	G	
4: Rounding Rule 4	62%	44%	G	
4: Rounding Rule 5	77%	67%	B	
5: Negative Cash Flows	45%	22%	G	
6: Business Day Rule		78%	G	
7: Securities Amount Data Rule 1		78%	B	
7: Securities Amount Data Rule 2		56%	B	
7: Securities Amount Data Rule 3		44%	B	
7: Securities Amount Data Rule 4		44%	B	
8: Payment Time Rule 1		44%	B	
8: Payment Time Rule 2		22%	B	
8: Payment Time Rule 3		17%	B	
8: Payment Time General Principle 3		33%	B	
9: Processing Status	46%	67%	G	
10: Blocking Rule 1	54%		Y	
10: Blocking Rule 2	58%		Y	
10: Blocking Rule 3	50%		Y	
10: Blocking Rule 4	36%		Y	
10: Blocking Rule 5	45%		Y	
11: Default Option	85%	44%	B	
12: Handling of Fees	57%		Y	
13: Reversal	38%	33%	B	
14: Foreign Currency			B	
15: ISO 20022 Messaging	27%		G	

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 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.

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 H1 2022 monitoring exercise focuses on milestones 1 to 6 given that Milestone 6 (with a deadline of 1 January 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	TPA - Clearstream Banking Frankfurt
Milestone 1 June 2020	44%	Yes	Yes
Milestone 2 March 2021	50%	Yes	Yes
Milestone 3 July 2021	38%	05/22	Yes
Milestone 4 December 2021	31%	06/22	Yes
Milestone 5 December 2021	38%	06/22	05/22
Milestone 6 January 2022	44%	Yes	Yes
Milestone 7 June 2022	25%	03/23	03/23
Milestone 8 July 2022	44%	01/23	01/23
Milestone 9 December 2022	50%	04/23	04/23
Milestone 10 March 2023	50%	05/23	05/23
Milestone 11 April 2023	69%	Yes	Yes
Milestone 12 October 2023	81%	Yes	Yes
Milestone 13 November 2023	88%	Yes	Yes

## 4 Concluding remarks

Clearstream Banking Frankfurt as CSD has not met the Milestone 3 (Analysis Completed). It will reach this milestone by May 2022. It is also envisaged that Milestone 4 will not be achieved according to the timeline specified by the AMI-SeCo. They expect to meet Milestone 4 (Documentation Completed) by June 2022.

Clearstream Banking Frankfurt as CSD and TPA has not met the Milestones 5 and 7. It will reach Milestone 5 (Detailed External Communication) by June 2022 and Milestone 7 (SCoRE Adaptation Complete) by March 2023. The current Milestone 6 (SCoRE Adaptation started) has been met. Milestone 8 (Internal Testing Started) will also be delayed owing to the additional time required to complete adaptations (Milestone 7). The starting of the internal testing will anticipate at the beginning of 2023. Milestone 9 (Internal Testing Completed) will be delayed owing to the delay to the start of internal testing (Milestone 8). Milestone 10 (External Testing Started) owing to late completion of internal testing will be started in May 2023.

*In addition, Clearstream Banking Frankfurt provided the following information:*

*Knock on effect from late SCoRE CA standards stabilisation. Launch date is still supported, however mitigating actions are required to protect the User Testing dates in line with ECMS User Test.*

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