

SCoREBOARD

Corporate Actions – H2 2021

Polish NSG

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. This summary report presents the results of the H2 2021 monitoring exercise conducted by the Polish NSG with the involvement of the following stakeholders:

10 entities are monitored in the Polish market

- 2 CSD – KDPW, SKARBNET4
- 6 Custodians
- 2 issuers

The SCoRE Overview provides a high-level summary of the H2 2021 monitoring exercise.

 <small>PRICE COLLATERAL MANAGEMENT RULEBOOK FOR EUROPE</small>	 Response Rate	 Implementation Status	 Milestone achieved?	 Implemented on Time?
Custodians	33%	Implemented 25.7% Analysis started 8.29% Implementation started 2.56%	33%	50%
Issuers	0%	Yes 0% No 0%	n/a	n/a
CSD - KDPW	100%	Implemented 28.3% Analysis started 44.0% Implementation started 26.6%	No	Yes
CSD - SKARBNET4	100%	Implemented 2.96% Analysis started 3.81% Implementation started 0%	No	Yes

Note: Implemented on Time reflects the entity's ability to meet the final reporting milestone prior to the adoption of the Standards.

This NSG summary report is structured as follows: The Executive Summary provides an overview of the responses received per Entity Type i.e. CSD, TPA, Custodian etc. Section 1 presents the compliance status of each entity type. Section 2 provides an overview of the progress against the individual milestones. Section 3 then provides a more detailed overview of the implementation status per Standard for each entity type.

Executive Summary

Concerning the major Polish financial market infrastructure institution, namely the KDPW SA, the implementation of the Corporate Actions Standards (CA Standards) is either completed or subject to analysis or development. It is anticipated that the standards will be implemented on time. The process of implementation of the standards by SKARBNET4 is also on track although, due to the specific range of activities performed by the system, it is restricted to only a few standards as the remaining standards were deemed not applicable. Regarding custodians, only two out of the six reporting entities responded to the survey. The participating entities declared to be compliant with several standards and analysing implementation of the remaining requirements. Furthermore, the Polish Association of Listed Companies (SEG) and the Ministry of Finance representing Polish issuers did not take part in this round of survey. AMI-SeCo NSG_PL will endeavour to engage the custodians and issuers in the process at a later stage

CSD -- KDPW

KDPW is currently fully compliant with four out of the 15 CA Standards (Standards 5, 6, 11 and 14) while it has partly implemented three standards (Standard 4, 7, and 8). Implementation is ongoing for several of the remaining Standards, while some are still undergoing analysis. It is worth noting that most of the ISO 20022 messages are already implemented. Some key data elements specified in the SCoRE rulebook are not used today and shall be implemented. Some of the corporate action events forming part of the Standards are not under development or implementation process basically due to the absence of market use cases. Their implementation will be dependent on market demand. Only a few corporate action events were deemed not applicable and thus will not be subject to implementation process.

Legal barriers have been identified with regards to Standard 4: Rounding Rule No. 1, 4 and 5 as these may contradict some of the existing issues rounding models. Furthermore, debt securities are, by law, issued in units, not nominal value, which contradicts Standard 7. When it comes to CA communication in ISO 20022, KDPW converts amount data in units to nominal value for debt instruments, nonetheless they are issued and safekept in units. The implementation of the abovementioned Standards will involve relevant legal amendments, which may prolong the process of adaptation to SCoRE. Furthermore, should the required changes be implemented, these could only apply to new securities issues, whereas already issued securities would maintain legacy legislative requirements.

In the Polish market, CSDs have started the implementation of Corporate Action Standards. Further engagement among custodians and issuers are foreseen in the future.

KDPW is already compliant with 8 CA standards and analysis of the remaining standards is ongoing.

It is expected that most of the remaining milestones will be met on time and the implementation date of November 2023 will be met.

CSD – SKARBNET4

Skarbnet4 has commenced their analysis for most CA standards. Some delays are foreseen but, overall, the implementation date of November 2023 will be met.

SKARBNET4 is a system operated by Narodowy Bank Polski. It exclusively services T-bills (issued by Ministry of Finance periodically) and NBP-bills (issued by NBP in open market operations which are the main instrument of monetary policy) - basically a primary market which entails relatively small group of highly expertised institutions (mainly banks). Therefore, there are only two issuers in SKARBNET4 – NBP and the Ministry of Finance. The only corporate action in case of NBP-bills and T-bills is redemption. ISO 20022 messages for corporate action processes (redemption) are not currently supported and are the main change to be introduced in order to comply with the SCoRE CA Standards. Due to specificity of the system, some of the Standards are not relevant to its activities and are, thus, considered not applicable. Several Standards were deemed implemented (Standards 5, 6, 7, 8, and 10).

The delay in starting the implementation of the abovementioned requirements was due to previously commenced process of implementation of the EU Regulation 2018/1229 on settlement discipline, which turned out to be very demanding. Initial high-level communication with external stakeholders on the changes introduced by SCoRE has not yet commenced. However, it is scheduled to start by the end of March 2022. Meeting the milestones No. 3 to 6 will be slightly delayed. The remaining milestones are, however, are scheduled to be met on time, including the final implementation date of November 2023.

Custodians

Low participation among custodians.

Only two out of the six reporting entities responded to the survey during this monitoring round. These reporting entities reported full implementation of several CA standards, in particular the majority of Standards 1 to 5 and 15 as well as Standards 9 and 11, with the remaining Standards, or parts of Standards, subject to ongoing analysis. The implementation of the remaining parts of Standard 15 is postponed until Wave 2, when account servicers will be obliged to offer ISO 20022 messaging to clients that have the capability to use the ISO 20022 protocol.

Issuers

Low participation among issuers.

Neither the Polish Association of Listed Companies (SEG) - a self-government organization of companies listed on the Stock Exchange representing around 250 of issuers –nor, the Ministry of Finance - the issuer of T-bonds- participated in the current round of the monitoring exercise.

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SCoREBOARD

This section presents the overall compliance status in the market. CSDs and TPAs are monitored on an individual basis and are assigned a colour-code status in

accordance with the methodology outlined in Box 1¹. Custodians and Issuers are monitored on an aggregated basis and assigned a percentage compliance status.

Box 1

SCoREBOARD – Implementation Phase



- 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

For custodians and issuers, progress is monitored and reported as a percentage; for example the % of custodians in a given market who have started internal adaptation of IT systems.

¹ For further details please refer to the [AMI-SeCo Monitoring Framework](#)

Table A
SCoREBOARD

STANDARD	Custodians	Issuers	CSD - KDPW	CSD - SKARBNET4
1A: Notification	45%	0%	G	Y
1B: Instruction	43%		G	N/A
1C: Advise	43%		G	N/A
1D: Confirmation	43%		G	N/A
1E: Reversal	22%		Y	N/A
1F: Meeting Notification	41%	0%	G	N/A
1G: Meeting Instruction	43%		G	N/A
1H: Meeting Results	43%		Y	N/A
2: Calculation of Proceeds	31%	0%	G	Y
3: Consistency of Information	33%	0%	G	Y
4: Rounding Rule 1	33%	0%	Y	N/A
4: Rounding Rule 2	50%	0%	B	N/A
4: Rounding Rule 3	33%	0%	B	N/A
4: Rounding Rule 4	33%	0%	Y	N/A
4: Rounding Rule 5	33%	0%	Y	N/A
5: Negative Cash Flows	50%	0%	B	B
6: Business Day Rule		0%	B	B
7: Securities Amount Data Rule 1		0%	Y	B
7: Securities Amount Data Rule 2		0%	B	N/A
7: Securities Amount Data Rule 3		0%	B	N/A
7: Securities Amount Data Rule 4		0%	B	N/A
8: Payment Time Rule 1		0%	B	B
8: Payment Time Rule 2		0%	B	B
8: Payment Time General Principle 3		0%	Y	B
9: Processing Status	50%	0%	G	N/A
10: Blocking Rule 1	50%		Y	B
10: Blocking Rule 2	17%		G	N/A
10: Blocking Rule 3	17%		Y	N/A
10: Blocking Rule 4	33%		Y	N/A
10: Blocking Rule 5	17%		Y	N/A
11: Default Option	50%	0%	B	N/A
12: Handling of Fees	50%		Y	N/A
13: Reversal	33%	0%	Y	N/A
14: Foreign Currency			B	N/A
15: ISO 20022 Messaging	43%		Y	Y

- Notes:
- For CSDs and TPAs the colour-code reflects the current implementation status of each Standard in accordance with the methodology outlined in Box 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 that the standard has either already been implemented, or that implementation is on track i.e. at a minimum that analysis has already started or that implementation has started per Standard.
 - 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 actual respondents
 - A plausibility check was performed by the CMH-TF secretariat.

2 Implementation Milestones

This section tracks an entity's progress in implementing the Standards on an ongoing basis. 13 milestones have been defined as listed in the box below.

Box 2

SCoRE Milestones

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?	02/12/2022
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)?	05/12/2022
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?	01/04/2023
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)?	13/10/2023
M13	SCoRE Standards Implemented: have the SCoRE Standards been implemented?	20/11/2023

Notes: N/A

Milestones expected to be achieved in the current reporting period are highlighted in blue in the header of Table B below. The blue colour-code is then assigned to those milestones which have been successfully achieved to date for each respective entity. Milestones which will only be achieved later are assigned a yellow status, while milestones which will only be achieved with significant delays / where work has not yet commenced are marked in red.

For the remaining milestones (i.e. milestones due to be achieved only after the current reporting cycle) the colour-code indicates an entity's expected ability to achieve a future milestone on time. The expected date of achievement is also indicated in the table if it is different to the milestone date defined by AMI-SeCo.

Table B
Implementation Milestones

	Custodians	CSD - KDPW	CSD - SKARBNET4
Milestone 1 June 2020	17%	Yes	12/21
Milestone 2 March 2021	17%	Yes	03/22
Milestone 3 July 2021	33%	04/22	12/21
Milestone 4 December 2021	33%	04/22	03/22
Milestone 5 December 2021	33%	04/22	03/22
Milestone 6 January 2022	17%	04/22	03/22
Milestone 7 June 2022	17%	03/23	Yes
Milestone 8 July 2022	33%	04/23	Yes
Milestone 9 December 2022	17%	06/23	Yes
Milestone 10 December 2022	17%	05/23	Yes
Milestone 11 April 2023	50%	10/23	Yes
Milestone 12 October 2023	50%	Yes	Yes
Milestone 13 November 2023	50%	Yes	Yes

Notes: Actors were asked to report for all milestones, i.e. whether they meet the current milestones and whether they expect to meet the dates for future milestones.

Summary

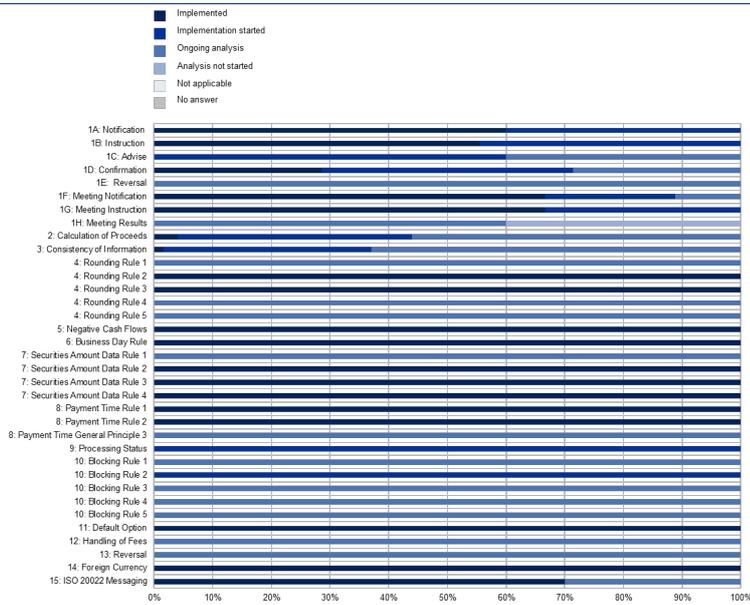
Although there are some delays with regards to the initial milestones most of the later milestones will be met on time, including the final Milestone for full implementation of the SCoRE Standards by November 2023.

3 Implementation Status per SCoRE Standard

This section presents the implementation status of each Standard per entity type.

CSD – KDPW

Implementation Status per SCoRE Standard

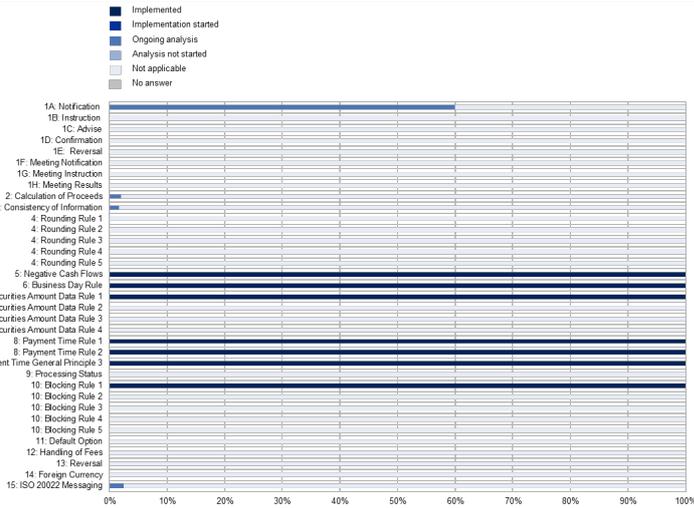


Notes

N/A

CSD – SKARBNET4

Implementation Status per SCoRE Standard

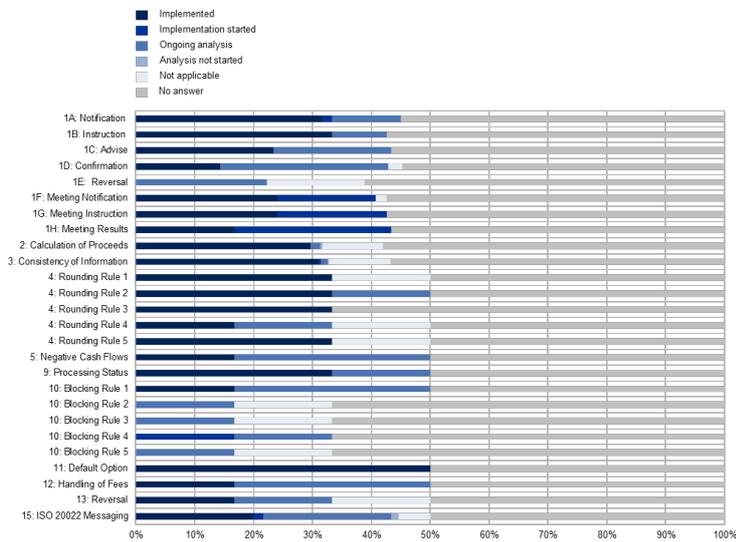


Commented [LPO1]: Standard 5 – it should be N/A

Commented [PH2R1]: SKARBNET4 answered "implemented" see individual answers attached. Could you please liaise with SKARBNET4 and make sure they correct this answer in the ongoing survey and reply " NA" please

Notes
A plausibility check was performed by the CMH-TF secretariat.

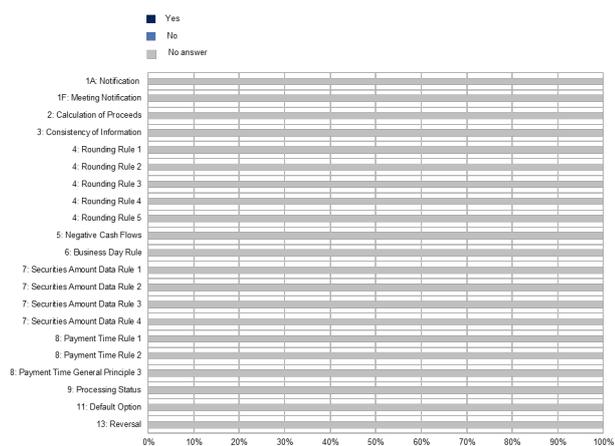
Custodians
Implementation Status per SCoRE Standard



Notes
N/A

Issuers

Fulfilment of obligations per SCoRE Standard



Notes

No reply received in H2 21.

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The cut-off date for the data included in this report was 17 November 2021.

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