

SCOREBOARD

Billing Processes – H1 2023

Swedish 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 April 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 four Standards related to billing processes (published as the SCoRE Standards for Billing Processes). Implementation progress is monitored twice per year.

Introduction

This summary report presents the results of the H1 2023 monitoring exercise conducted by the Swedish NSG with the involvement among the following stakeholders:

- 3 entities are monitored in the Swedish market
 - 1 CSD Euroclear Sweden
 - 2 Custodians

This report focuses on the milestones to be met by the time the survey was closed. In this monitoring exercise, participants were expected to have achieved all the milestones up to Milestone 9 inclusive "Internal testing Complete for SCoRE" (with a deadline of 10 March 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 the compliance status with the standards by each entity type. Section 3 focuses on the progress against the individual milestones and Section 4 provides concluding remarks.

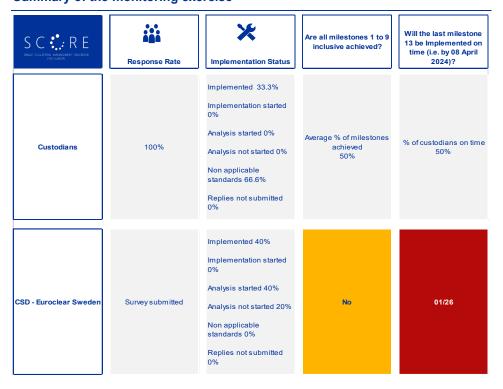
1 Key takeaways

The Swedish market has developed a post-trade harmonisation roadmap

The Riksbank convened during 2020 and 2021 a "Coordination forum for Swedish Post-Trade Harmonisation" which had the task of presenting a Swedish post-trade harmonisation roadmap. The forum has, in its assessment of components for that roadmap, included the SCoRE standards among other standards and topics. The forum presented its roadmap in February 2021. The progress of implementation of the harmonisation activities is followed up in the Swedish National Stakeholder Group (NSG).

As the market's harmonisation plan is now established, this provides conditions for addressing the SCoRE standards in a Swedish context with more certainty and to provide relevant documentation going forward.

Figure 1
Summary of the monitoring exercise



CSD - Euroclear Sweden

Euroclear Sweden has made progress in its implementation of SCORF

Euroclear Sweden participated in the monitoring exercise. It has reported full implementation with Standard 2 (billing cycles) and Standard 3 (cut-off dates). It has yet to commence its analysis of the remaining standards which is subject to the finalisation of its harmonisation planning project.

Custodians

High compliance among custodians.

Two custodians participated in the monitoring exercise in the Swedish market and are fully compliant with the standard 2 (billing cycle) already.

In relation to the outstanding standard 1 (ISO 20022 messaging), they are awaiting further information from the CSD as to whether these may become applicable going forward.

2 Compliance level with the standards

This section provides an overview of the current status of compliance with the billing processes 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 are too many to represent individually. Thus, the replies of custodians 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



Table 1Compliance level with the standards by each entity type. Standards 3 and 4 are not applicable to Custodians

STANDARD	Custodians	CSD - Euroclear Sweden
1: ISO 20022 messaging	NA	Y
2: Billing cycles	100%	В
3: Cut-off date		В
4: Dates for payments fees		R

Notes:

- Standards 3 and 4 are irrelevant for custodians
- For CSDs and TPAs the colour-code reflects the current implementation status of each Standard in accordance with the methodology outlined in figure 2 above.
- For custodians the % indicates the percentage of custodians which have implemented the standard or have the standard under development and implementation. NA means that the standard is not applicable for all custodians.
- 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 8 April 2024 to achieve compliance and implementation of the standards.

Table 2
Milestones identified by AMI-SeCo

Milestone	Description	Date
W11	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
W12	Initial Communication: Has initial high-level communication with external stakeholders on the changes introduced by SCoRE commenced?	01/03/202
VI3	Analysis Completed: Have you completed an in-depth analysis of all applicable SCoRE Standards?	31/07/202
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?	31/12/202
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?	31/12/202
И6	SCORE Adaptation Started: Have you started to adapt/develop the processes and procedures in order to comply with the SCORE Standards?	01/01/202
M7	SCoRE Adaptation Complete: Have you completed the necessary adaptations/developments for the processes and procedures in order to comply with the SCoRE Standards?	30/06/202
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?	01/07/202
M9	Internal Testing Complete for SCoRE: Have you completed the necessary internal testing?	10/03/202
W10	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)?	22/05/202
W11	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?	22/05/202
W12	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)?	16/02/202
VI13	SCORE Standards Implemented: have the SCoRE Standards been implemented?	08/04/202

The current H1 2023 monitoring exercise focuses on milestones 1 to 9 given that Milestone 9 "Internal testing Complete for SCoRE" (with a deadline of 10 March 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 3Expectation of achieving the milestones at the set dates

	Custodians	CSD - Euroclear Sweden
Milestone 1 June 2020	50%	01/26
Milestone 2 March 2021	50%	01/26
Milestone 3 July 2021	50%	01/26
Milestone 4 December 2021	50%	01/26
Milestone 5 December 2021	50%	01/26
Milestone 6 January 2022	50%	01/26
Milestone 7 June 2022	50%	01/26
Milestone 8 July 2022	50%	01/26
Milestone 9 March 2023	50%	01/26
Milestone 10 May 2023	50%	01/26
Milestone 11 May 2023	50%	01/26
Milestone 12 February 2024	50%	01/26
Milestone 13 April 2024	50%	01/26

4 Concluding remarks

Implementation milestones for the Swedish market are not yet finalised.

© European Central Bank, 2023

Postal address 60640 Frankfurt am Main, Germany

Telephone +49 69 1344 0 Website www.ecb.europa.eu

All rights reserved. Reproduction for educational and non-commercial purposes is permitted provided that the source is acknowledged.

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