

SCoREBOARD

Corporate Actions – H2 2022

Slovenian 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 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 Slovenian NSG with the involvement of the following stakeholders:

- 1 CSD – KDD
- 4 Custodians
- 1 Issuer

6 entities are monitored in the Slovenian market

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.

This NSG summary report is structured as follows:

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.



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Key takeaways

Implementation of the Standards related to the processing of corporate actions in the Slovenian market is progressing slowly.

All reporting entities responded to the survey. 50 % of respondents expect to implement Standards related to the processing of corporate actions by 20 November 2023 and one custodian indicated that implementation of Standards will be slightly delayed, i.e. until 31 December 2023. KDD (the Slovenian CSD), which is the entity responsible for timely implementation of Standards in the Slovenian market, stopped implementation activities in the period following the previous survey and is expected to resume these activities by the end of 2022. All four monitored custodians reported some progress on implementation of the Standards, while monitored issuer already complies with majority of relevant Standards.

Figure 1
Summary of the monitoring exercise

SCoRE REAL-TIME MONITORING OF STANDARDS FOR EUROPE	 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	100%	Implemented 12% Implementation started 20.2% Analysis started 55.4% Analysis not started 10.5% Non applicable standards 1.77% Replies not submitted 0%	Average % of milestones achieved 22%	% of custodians on time 50%
Issuers	100%	Aware of obligations 81.8% Not aware of obligations 18.1% Replies not submitted 0%	NA (milestones irrelevant for issuers)	NA
CSD - KDD	Survey submitted	Implemented 19.5% Implementation started 0% Analysis started 68.0% Analysis not started 0% Non applicable standards 12.3% Replies not submitted 0%	No	Yes

CSD – KDD

KDD has already implemented 7 out of 15 Standards related to the processing of corporate actions and expects to meet implementation date.

KDD has already implemented 7 out of 15 Standards related to the processing of corporate actions (Standard 2, 6, 7, 8, 9, 10, 11), while the progress of the implementation of other Standards is currently stalled due to interruptions caused by COVID-19 and work on other urgent projects at KDD. KDD expects to resume the analysis of adaptations needed for implementation of remaining Standards by the end of year 2022, with the exception of Standards on Negative Cash Flows and Foreign Currency, which are not applicable to KDD. KDD expects to be able to follow the envisaged milestones from 2022 onwards and remains committed to meet implementation date.

Custodians

Despite some inconsistencies observed in the responses of the Slovenian custodians, the majority of the Slovenian custodians is expected to meet the implementation date of Standards related to the processing of corporate actions.

Slovenian custodians have already implemented 12% of the applicable Standards related to the processing of corporate actions, while the majority of Standards are either being implemented (20,2%) or being analysed (55,4%). As the responses of Slovenian custodians differ substantially from the responses collected in the previous surveys (custodians indicated higher share of implemented Standards and non-applicable Standards in the H1 2022 survey than in the previous surveys) it can be concluded that the Slovenian custodians are still predominantly in a phase of analysing the adaptations needed for the implementation of Standards and their progress in the period following the previous survey cannot be thoroughly assessed mostly due to their dependency on activities of KDD. Taking into account that the activities of KDD are expected to gain pace by the end of year 2022 it is reasonable to expect that majority of custodians will be able to follow pace of KDD activities and implement Standards by 20 November 2023.

NCB

Banka Slovenije is on track to adopt the SCoRE Standards in November 2023.

Banka Slovenije is on track to implement the SCoRE Standards related to the processing of corporate actions for its collateral management activities by 20 November 2023.

Issuer

The monitored issuer is on track to comply with SCoRE Standards.

No obstacles were discovered that would prevent the monitored issuer to meet requirements of SCoRE Standards related to the processing of corporate actions.

Compliance 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 - KDD
1A: Notification	35%	100%	Y
1B: Instruction	25%		Y
1C: Advise	25%		Y
1D: Confirmation	25%		Y
1E: Reversal	17%		Y
1F: Meeting Notification	36%	100%	Y
1G: Meeting Instruction	28%		Y
1H: Meeting Results	25%		Y
2: Calculation of Proceeds	25%	100%	B
3: Consistency of Information	29%	100%	Y
4: Rounding Rule 1	50%	100%	Y
4: Rounding Rule 2	50%	100%	Y
4: Rounding Rule 3	50%	100%	Y
4: Rounding Rule 4	25%	100%	Y
4: Rounding Rule 5	50%	100%	Y
5: Negative Cash Flows	0%	100%	N/A
6: Business Day Rule		100%	B
7: Securities Amount Data Rule 1		100%	B
7: Securities Amount Data Rule 2		0%	N/A
7: Securities Amount Data Rule 3		0%	B
7: Securities Amount Data Rule 4		0%	B
8: Payment Time Rule 1		0%	B
8: Payment Time Rule 2		0%	N/A
8: Payment Time Rule 3		100%	B
8: Payment Time General Principle 3		100%	B
9: Processing Status	25%	100%	B
10: Rule 1	25%		B
10: Rule 2	0%		B
10: Rule 3	0%		B
11: Default Option	75%	100%	B
12: Handling of Fees	0%		N/A
13: Reversal	0%	100%	Y
14: Foreign Currency			N/A
15: ISO 20022 Messaging	54%		Y

Notes:

- 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.
- 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	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)?	20/03/2023
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?	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

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 - KDD
Milestone 1 June 2020	25%	Yes
Milestone 2 March 2021	25%	Yes
Milestone 3 July 2021	25%	12/22
Milestone 4 December 2021	0%	12/22
Milestone 5 December 2021	25%	03/23
Milestone 6 January 2022	25%	Yes
Milestone 7 June 2022	25%	12/22
Milestone 8 July 2022	25%	Yes
Milestone 9 December 2022	25%	03/23
Milestone 10 March 2023	25%	Yes
Milestone 11 April 2023	25%	Yes
Milestone 12 October 2023	75%	Yes
Milestone 13 November 2023	50%	Yes

KDD is expected to meet all implementation milestones from 2022 onwards and implementation date for Standards related to the processing of corporate actions. Slovenian custodians also expect some delays in meeting early milestones due to the negative impact of COVID-19 pandemic on their business processes and their dependency on obtaining guidance from KDD as regards implementation of individual Standards. Nonetheless, the implementation date of Standards is expected to be met by all except two custodians, which are expected to implement Standards by the end of 2023.

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