

SCoREBOARD

Corporate Actions – H1 2022

Cypriot 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. They have been established in the markets covered by the AMI-SeCo in order to support the implementation of the Single Collateral Management Rulebook for Europe (SCoRE).

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 Cypriot NSG with the involvement among the following stakeholders:

9 entities are monitored in the Cypriot market

- 1 CSD – Cyprus Stock Exchange
- 7 Custodians
- 1 Issuer

The 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 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 Cypriot market is on track

8 stakeholders out of 9 participated in the H1 2022 monitoring exercise. Implementation of the Corporate Action Standards in the Cypriot market is on track.

This section presents the key findings of the survey for each entity type.

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) ?
Custodians	<p>86%</p>	<p>Implemented 8.3%</p> <p>Analysis started 69.5%</p> <p>Implementation started 100%</p> <p>Analysis not started 0.06%</p> <p>Non applicable standards 11.0%</p> <p>Survey not submitted 0.06%</p>	<p>Average % of the relevant milestones 25%</p>	<p>% of affirmative answers 100%</p>
Issuers	<p>100%</p>	<p>Aware of obligations 100%</p> <p>Not aware of obligations 0%</p> <p>Survey not submitted 0%</p>	<p>n/a</p>	<p>n/a</p>
CSD - CYPRUS STOCK EXCHANGE	<p>100%</p>	<p>Implemented 2.53%</p> <p>Analysis started 0.42%</p> <p>Implementation started 70.4%</p> <p>Analysis not started 0%</p> <p>Non applicable standards 26.1%</p> <p>Survey not submitted 0.42%</p>	<p>Yes</p>	<p>Yes</p>

CSD – Cyprus Stock Exchange

CSE implementation is on track

The CSE is currently behind schedule for the implementation of SCoRE Corporate Action Standards (based on the agreed milestones), as the CSE has indicated that the in-depth analysis of the applicable SCoRE Standards has not yet been completed, nor the adaptation has started. Nevertheless, the CSE expects to meet the final implementation date of November 2023.

The CSE's compliance with interim milestones depends, to a great extent, on the corresponding harmonisation work of ATHEXCSD (i.e. for Corporate Action Standards 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 13 and 15). This is because ATHEXCSD is a critical service provider to the CSE as: (i) it hosts and maintains the servers of the Central Depository Central Registry (i.e. 'CDCR', which is a department of the CSE)

at the primary site, and (ii) it also maintains the dematerialised securities system of CDCR at a second processing site in Greece.

ATHEXCSD submitted its adaptation plan for SCoRE Standards in June 2020, enabling CSE to obtain a clearer picture of the compliance of the Cypriot market with the future milestones.

In light of this, the CSE has revised its adaptation plan and submitted an updated version to the ECB in early 2021. Therefore, interim milestones were updated in order to be compatible with ATHEXCSD plan. Additional updates of the implementation milestones are indicated by the CSE in this monitoring exercise, following recent consultations with ATHEXCSD.

Currently, 12 standards require harmonisation, 1 standard is already implemented and 2 standards are not applicable for the Cypriot market. With respect to the standards requiring harmonisation, the CSE has indicated that the Analysis and Communication activity (Milestones 1-5) will be behind schedule, as the CSE expects to meet these milestones by February 2023 instead of end of December 2021, while the analysis on the technical changes will be completed in December 2022 as opposed to end July 2021 (Milestone 3). Also, the CSE has indicated that the Internal Adaptation activity (Milestones 6-9) will be slightly behind schedule, as the CSE expects to meet these milestones by June 2023 instead of early December 2022.

It is noted though that the CSE intends to take such action in order to meet future milestones set and comply with the implementation date of November 2023.

Custodians

Custodians confirm that the Standards will be implemented on time

H1 2022 monitoring exercise covers 86% of custodians which are active in the Cypriot market, the implementation status of whose is distributed as follows:

- 70% have reported that harmonisation is in progress;
- 18% have reported that they have already implemented the relevant Standards, and
- 11% have reported that harmonisation is not applicable to their operations.

Therefore, the implementation of SCoRE Corporate Action Standards by the Custodians is on track (i.e. at a minimum, analysis has already started, or implementation has started). However, results appear to be adversely affected by the following two factors:

- (a) Some custodians have submitted a response for Standard 5, even though this is already implemented.
- (b) Some custodians have submitted a response for Standard 4 (rounding rules 3 and 4) and for Standard 12, even though these are not applicable for the Cypriot market.

Custodians have indicated 25% compliance with the milestones for the implementation of SCoRE Corporate Action Standards. In particular, delays are expected Milestones 1 to 6 and Milestones 9. Nevertheless, all custodians expect to meet the final implementation date of November 2023.

Issuers

The issuer of government bonds has confirmed awareness of its obligations

The Public Debt Management Office is the only issuer that participated in this monitoring exercise, in its capacity as issuer of government bonds. The Public Debt Management Office has confirmed awareness of obligations under the SCoRE Corporate Action Standards.

The major issuer of bonds in the Cypriot market is a corporate issuer, which is already subject to SCoRE Corporate Action Standards and is aware of its obligations

In terms of volume, government bonds constitute around 4% of the total bonds issued, while corporate bonds issued by a single issuer constitute around 94% of the total. This issuer is already subject to SCoRE Corporate Action Standards in its capacity as a custodian. In conclusion, the current monitoring exercise covers 98% of the total government and corporate bonds issued – in terms of volume - in the Cypriot market.

NCB

Central Bank of Cyprus will implement the SCoRE Standards in November 2023

In the context of the ECMS project, the Central Bank of Cyprus is on track for implementing the SCoRE Corporate Action Standards 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 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



- 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 - CYPRUS STOCK EXCHANGE
1A: Notification	14%	100%	G
1B: Instruction	14%		Y
1C: Advise	14%		G
1D: Confirmation	13%		G
1E: Reversal	14%		G
1F: Meeting Notification	29%	100%	G
1G: Meeting Instruction	29%		G
1H: Meeting Results	29%		G
2: Calculation of Proceeds	26%	100%	G
3: Consistency of Information	26%	100%	G
4: Rounding Rule 1	40%	100%	G
4: Rounding Rule 2	80%	100%	B
4: Rounding Rule 3	80%	100%	N/A
4: Rounding Rule 4	83%	100%	N/A
4: Rounding Rule 5	100%	100%	B
5: Negative Cash Flows	80%	100%	B
6: Business Day Rule		100%	G
7: Securities Amount Data Rule 1		100%	G
7: Securities Amount Data Rule 2		100%	B
7: Securities Amount Data Rule 3		100%	B
7: Securities Amount Data Rule 4		100%	B
8: Payment Time Rule 1		100%	G
8: Payment Time Rule 2		100%	G
8: Payment Time Rule 3		50%	G
8: Payment Time General Principle 3		100%	G
9: Processing Status	29%	100%	G
10: Blocking Rule 1	14%		G
10: Blocking Rule 2	14%		G
10: Blocking Rule 3	17%		G
10: Blocking Rule 4	14%		G
10: Blocking Rule 5	14%		G
11: Default Option	29%	100%	G
12: Handling of Fees	25%		N/A
13: Reversal	14%	100%	G
14: Foreign Currency			N/A
15: ISO 20022 Messaging	7%		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 % indicates 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.

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 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)?	20/03/2032
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 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 - CYPRUS STOCK EXCHANGE
Milestone 1 June 2020	14%	Yes
Milestone 2 March 2021	29%	Yes
Milestone 3 July 2021	14%	Yes
Milestone 4 December 2021	14%	Yes
Milestone 5 December 2021	14%	Yes
Milestone 6 January 2022	14%	Yes
Milestone 7 June 2022	43%	Yes
Milestone 8 July 2022	57%	Yes
Milestone 9 December 2022	29%	01/23
Milestone 10 March 2023	57%	Yes
Milestone 11 April 2023	86%	Yes
Milestone 12 October 2023	100%	Yes
Milestone 13 November 2023	100%	Yes

4 Concluding remarks

The CSE is currently behind schedule for the implementation of SCoRE Corporate Action Standards (based on the agreed milestones), as the CSE has indicated that the in-depth analysis of the applicable SCoRE Standards has not yet been completed, nor the adaptation has started. Nevertheless, the CSE expects to meet the final implementation date of November 2023.

The CSE's compliance with the set milestones depends, to a great extent, on the corresponding harmonisation work of ATHEXCSD, which is a critical service provider to the CSE for hosting and maintaining the servers of the Depository in Greece.

ATHEXCSD submitted its adaptation plan for SCoRE Standards in June 2020, enabling the CSE to obtain a clearer picture of the compliance of the Cypriot market with future milestones.

In light of this, the CSE has revised its adaptation plan and submitted an updated version to the ECB in early 2021. Therefore, interim milestones were updated in order to be compatible with ATHEXCSD plan. Additional updates of the implementation milestones are indicated by the CSE in this monitoring exercise, following recent consultations with ATHEXCSD.

© European Central Bank, 2022

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).