

SCoREBOARD

Corporate Actions – H1 2022

Belgian 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 Belgian NSG. The NSG covers among the following stakeholders:

- 3 CSDs – Euroclear Bank, Euroclear Belgium, NBB-SSS
- 2 TPAs – BNY Mellon, Euroclear Bank
- 5 Custodians

- 4 Issuers

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 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 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.

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Key takeaways

Implementation of the Corporate Action Standards in the Belgian market is currently partly on track

Implementation of the Corporate Actions Standards in the Belgian market is partly on track. The Belgian CSDs and TPAs have all met the first two milestones and the majority is on track to meet all future milestones. One CSD (NBB-SSS) has already implemented most of the SCoRE Standards which are relevant for its current functionalities but reports later dates for new functionalities, which in turn affects timely implementation of some of the applicable Standards by November 2023.

The majority of the reporting entities active in the Belgian market responded to the survey. 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	80%	Implemented 24.3% Analysis started 38.1% Implementation started 3.37% Analysis not started 7.56%	27%	80%
Issuers	75%	Aware of obligations 44.8% Not aware of obligations 27.9%	n/a	n/a
CSD - Euroclear Bank	100%	Implemented 29.3% Analysis started 7.01% Implementation started 63.5% Analysis not started 0%	Yes	Yes
CSD - Euroclear Belgium	100%	Implemented 55.0% Analysis started 9.69% Implementation started 35.2% Analysis not started 0%	Yes	Yes
CSD - NBB-SSS	100%	Implemented 27.5% Analysis started 63.7% Implementation started 3.44% Analysis not started 5.17%	No	11/25
TPA - BNY Mellon	100%	Implemented 20% Analysis started 0% Implementation started 80% Analysis not started 0%	Yes	Yes
TPA - Euroclear Bank	100%	Implemented 0% Analysis started 0% Implementation started 100% Analysis not started 0%	Yes	Yes

CSD - Euroclear Bank

Euroclear Bank reports a high-level of compliance with the Standards

Euroclear Bank reports a high level of compliance with the Corporate Action Standards. More than 20% of the Standards was already implemented. Most of the non-implemented Standards (63%) are currently being implemented.

Milestones 1 to 6 are being met and Euroclear Bank is on track to meet all future milestones.

CSD - Euroclear Belgium

Euroclear Belgium implementation is fully on track

In total, Euroclear Belgium is already fully compliant with 8 of the 15 Standards. The remaining standards are currently being implemented or under analysis in view of achieving full compliance by November 2023.

Milestones 1 to 6 are being met and Euroclear Belgium is on track to meet all future milestones.

CSD - NBB-SSS

NBB-SSS implementation is partly on track

NBB-SSS is already fully compliant with 6 of the 15 Standards. Standard 3 (Consistency of Information) is not applicable to NBB-SSS as it only acts as an Issuer CSD.

Milestones 1, 2 and 6 are being met. Later dates are reported for 8 past and future milestones with the result that full compliance is not envisaged until 2025 which is later than the date agreed by AML-SeCo. The milestone regarding the start of the internal testing (8) is on track.

TPA - BNY Mellon

BNY Mellon TPA implementation is on track

As a TPA, Standards 1A to 1H are of relevance to BNY Mellon. One of the Standards (1B) is implemented, while Standards 1F, 1G and 1H are not applicable since these messages are not part of the collateral management product offering. Implementation is ongoing for the 4 remaining components.

Milestones 1 to 6 are being met and BNY Mellon is on track to meet all future milestones

TPA - Euroclear Bank

Euroclear Bank TPA implementation is on track

As a TPA, Standards 1A to 1H are of relevance to Euroclear Bank. All the Standards are in implementation phase. Euroclear Bank met all past milestones and remains on track to meet all future milestones.

Custodians

Most of the custodians have commenced internal analysis of most of the standards

The level of compliance varies significantly across the different Standards. The lowest levels of compliance are observed with Standards 1G, 1H, 5, 9, 10, 13, 15. While most of the reporting entities have at least started internal analysis, there is one custodian that reported 'not applicable' for most of the Standards. This custodian argues that the Corporate Actions Standards are not applicable since they will not be

using ISO 20022 messages. Two custodians have not started the analysis with regard to the ISO 20022 messaging Standard 15.

In general, there is evidence of engagement by Belgian custodians in the process with the majority of Standards yet to be implemented currently in the process of being analysed. Nonetheless, the milestone reporting identifies the needs for further future efforts in view of achieving full compliance with the Standards in accordance with the timeframe agreed by AMI-SeCo.

Issuers

50% of the issuers exhibit awareness of obligations

Half of the monitored issuers in the Belgian market exhibit a high level of awareness of their obligations under the SCoRE Corporate Action Standards. Nonetheless, the monitoring exercise highlights that some further work could be envisaged to increase issuer awareness around Standard 2 (Calculation of Proceeds), Standard 5 (Negative Cash Flows) and Standard 13 (Reversal) as well as to involve the other issuers.

NCB

National Bank of Belgium is on track to adopt the SCoRE Standards in November 2023

National Bank of Belgium is on track to implement the SCoRE Standards for Corporate Actions for its collateral management activities by November 2023.

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



- 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 - Euroclear Bank	CSD - Euroclear Belgium	CSD - NBB- SSS	TPA - BNY Mellon	TPA - Euroclear Bank
1A: Notification	44%	38%	G	G	Y	G	G
1B: Instruction	36%		G	G	Y	B	G
1C: Advise	38%		G	G	B	G	G
1D: Confirmation	43%		G	G	Y	G	G
1E: Reversal	33%		Y	Y	Y	G	G
1F: Meeting Notification	10%	35%	G	Y	Y	N/A	G
1G: Meeting Instruction	4%		G	B	Y	N/A	G
1H: Meeting Results	0%		G	B	Y	N/A	G
2: Calculation of Proceeds	36%	25%	G	G	Y		
3: Consistency of Information	31%	50%	G	G	N/A		
4: Rounding Rule 1	75%	50%	G	B	B		
4: Rounding Rule 2	75%	50%	G	B	N/A		
4: Rounding Rule 3	40%	50%	G	B	N/A		
4: Rounding Rule 4	50%	50%	G	B	B		
4: Rounding Rule 5	75%	50%	G	B	B		
5: Negative Cash Flows	0%	25%	B	B	B		
6: Business Day Rule		50%	Y	B	B		
7: Securities Amount Data Rule 1		50%	Y	B	B		
7: Securities Amount Data Rule 2		50%	Y	B	N/A		
7: Securities Amount Data Rule 3		50%	Y	B	N/A		
7: Securities Amount Data Rule 4		50%	Y	B	N/A		
8: Payment Time Rule 1		50%	Y	B	B		
8: Payment Time Rule 2		50%	Y	B	B		
8: Payment Time Rule 3		38%	Y	B	B		
8: Payment Time General Principle 3		75%	Y	B	B		
9: Processing Status	0%	50%	Y	Y	Y		
10: Blocking Rule 1	0%		B	Y	Y		
10: Blocking Rule 2	0%		B	Y	Y		
10: Blocking Rule 3	0%		B	Y	Y		
10: Blocking Rule 4	0%		B	Y	Y		
10: Blocking Rule 5	0%		B	Y	Y		
11: Default Option	50%	50%	B	B	Y		
12: Handling of Fees	25%		N/A	Y	Y		
13: Reversal	0%	25%	B	B	G		
14: Foreign Currency			B	B	B		
15: ISO 20022 Messaging	2%		G	G	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 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 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
Expectation of achieving the milestones at the set dates

	Custodians	CSD - Euroclear Bank	CSD - Euroclear Belgium	CSD - NBB-SSS	TPA - BNY Mellon	TPA - Euroclear Bank
Milestone 1 June 2020	40%	Yes	Yes	Yes	Yes	Yes
Milestone 2 March 2021	40%	Yes	Yes	Yes	Yes	Yes
Milestone 3 July 2021	0%	Yes	Yes	07/23	Yes	Yes
Milestone 4 December 2021	20%	Yes	Yes	12/23	Yes	Yes
Milestone 5 December 2021	20%	Yes	Yes	12/23	Yes	Yes
Milestone 6 January 2022	40%	Yes	Yes	Yes	Yes	Yes
Milestone 7 June 2022	20%	Yes	Yes	11/25	Yes	Yes
Milestone 8 July 2022	60%	Yes	Yes	Yes	Yes	Yes
Milestone 9 December 2022	60%	Yes	Yes	11/25	Yes	Yes
Milestone 10 March 2023	40%	Yes	Yes	07/22	Yes	Yes
Milestone 11 April 2023	40%	Yes	Yes	10/25	Yes	Yes
Milestone 12 October 2023	60%	Yes	Yes	10/25	Yes	Yes
Milestone 13 November 2023	80%	Yes	Yes	11/25	Yes	Yes

Notes:
Milestone 3 could not be achieved on time due to ongoing discussions on the Corporate Action Rulebook. AMI-SeCo finalised the updates to the Rulebook in December 2021.

4 Concluding remarks

According to the indicators, the majority of entities in the Belgian market will be fully compliant in accordance with the implementation timeline agreed by AMI-SeCo. NBB-SSS is the only entity that reported a delay in the implementation of some of the Corporate Action Standards by November 2023. The impact is expected to be

limited since the delay is related to the implementation of corporate action events that rarely occur in NBB-SSS.

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