

SCoREBOARD

Corporate Actions – H2 2022

French 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, at the exception of 2020 where the monitoring occurred only once.

Introduction

This summary report presents the results of the H2 2022 monitoring exercise conducted by the French NSG with the involvement among the following stakeholders:

- 1 CSD – Euroclear France
- 2 TPAs – Euroclear France, BNP Paribas
- 8 Custodians

- 1 Issuer – the French Debt Management Office (Agence France Trésor)

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 including “Internal testing Started for SCoRE” (with a deadline of 1 July 2022) 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 French CSD and TPA Euroclear France responded to the Corporate Actions survey on time. Their implementation status is satisfactory and timely. BNP Paribas triparty service is limited (no interaction with NCBs / ECMS for monetary policy operations). Hence for now, it has not planned to adopt the corporate actions standards applicable to triparty agents (the latter are deemed as non-applicable). Regarding custodians, their participation rate has decreased compared to the H1 2022 survey (63% versus 89%). The French issuer (Agence France Trésor) did not participate to this monitoring round; this is related to the absence of relevant implementation changes since the last exercise.



It is still relevant to recall that some of the French NSG members experienced organisational challenges in relation to the Covid-19 pandemic, which induced them to prioritise other activities, explaining in part the remaining observed delays. However, custodians did not report difficulties for answering the monitoring questionnaire, which reflects a better knowledge of the SCoRE harmonisation project at the operational level.

Yet, it remains important for the French NSG to maintain dialogue with the participants' operational teams, who are in fact the ones filling in the questionnaires, and who are thus able to report implementation difficulties related to specific standards (which could typically result from national specificities and barriers). In addition, the NSG needs to remain vigilant on the timely implementation among custodians in view of the November 2023 deadline, as 25% of them expect a delay for the implementation of the last milestone (yet an improvement as 37% of them expected a delay according to the H1 2022 survey).

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

Implementation of Corporate Action Standards is on track for the CSD and one TPA (while the business of the other TPA does not involve interactions with the Eurosystem / ECMS). However, 25% of the custodians expect to experience some delays for the full implementation of the standards.

Figure 1
Summary of the monitoring exercise

SCORE <small>SMALL CUSTODIAN MANAGEMENT RELEVANCE FOR ISSUERS</small>	 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	63%	Implemented 36.6% Implementation started 8.66% Analysis started 6.22% Analysis not started 0% Non applicable standards 35.9% Replies not submitted 12.5%	Average % of milestones achieved 27%	% of custodians on time 75%
Issuers	0%	Aware of obligations 66.6% Not aware of obligations 33.3% Replies not submitted 0%	NA (milestones irrelevant for issuers)	NA
TPA - BNP Paribas	Survey submitted	Implemented 0% Implementation started 0% Analysis started 0% Analysis not started 0% Non applicable standards 100% Replies not submitted 0%	No	Yes
TPA - Euroclear France	Survey submitted	Implemented 100% Implementation started 0% Analysis started 0% Analysis not started 0% Non applicable standards 0% Replies not submitted 0%	Yes	Yes
CSD - Euroclear France	Survey submitted	Implemented 66.8% Implementation started 28.0% Analysis started 0.42% Analysis not started 0% Non applicable standards 4.68% Replies not submitted 0%	Yes	Yes

CSD - Euroclear France

Euroclear France's implementation is on schedule: the CSD plans to meet future milestones on time and has already implemented two thirds of all CA standards.

Euroclear France has fully completed the monitoring survey in a timely manner. It has already implemented 68.8% of the Corporate Actions sub points of standards (i.e. at the granular level of standards), and has started implementation for 28% of them. The analysis has started for the remaining sub points of standards, with the exception of those sub points deemed non-applicable (accounting for 4.68% of the total number of sub points), because the CSD does not process related messages / notifications. Hence, implementation is largely on track, and it has improved as compared to H1 22.

More in detail, out of the 34 sets of Corporate Actions standards gathered in the SCoREBOARD below (Table 1), 25 have already been fully implemented (blue) and 8 are on schedule for implementation (green). Only one remaining standard is behind schedule and should be adopted during next steps. This corresponds to a relevant improvement compared to H1-2022, when only 12 sets of standards were already adopted by the CSD. Indeed in its April 2021 Adaptation Plan, Euroclear France indicated that the ESES CSDs had jointly started several initiatives to gradually migrate corporate actions services to a new assets servicing platform. Part of those projects have already been delivered, thus improving the overall adoption rate; the remaining phases are scheduled for the coming years.

As a result, there is no issue of concern for Euroclear France as a CSD, whose implementation of the Corporate Actions standards appears on track: the CSD has reached the 8 past milestones under the expected delays and plans to meet all the future ones in due time (see Table 3).

TPA - Euroclear France

As a TPA, Euroclear France has implemented all applicable Corporate Actions standards.

As a TPA, Euroclear France has already implemented all the Corporate Actions standards applicable to TPAs.

TPA - BNP Paribas

BNP Paribas triparty service is for now not related to monetary policy operations / ECMS.

BNP Paribas triparty activity is for now reduced to a tight perimeter: no triparty service is offered for monetary policy operations. As a result, BNPP does not plan to implement Corporate Actions standards to its triparty service; it would envisage it if its activity would extend to Eurosystem credit operations, which is for now not planned. Standards are thus deemed as "non-applicable" for BNP Paribas TPA business.

Corporate Actions standards implementation has improved compared to the previous monitoring (H2 2021). However, some sets of standards such as those related to ISO 20022 messaging show a low level of compliance, and the level of conformity is still heterogeneous among participants (one-third of them expecting a delay as regard the final deadline).

Custodians

The response rate among custodians (63%) has decreased with respect to the H1 2022 exercise (where it peaked to 89%). Overall, the respondents have already implemented 36.6% of the Corporate Actions standards (considering every standard at granular level) and started the implementation for 8.6% of them (and started the analysis for 6.22%). This is a slight decrease compared to the previous monitoring, which could be explained by the lower participation rate.

Out of the 24 sets of Corporate Actions standards applicable to custodians (see Table 1 below), the adoption rate is above 50% for 15 of them (22 in H1 2022) and above 40% for 5 of them (this adoption rate meaning that the standard has either already been implemented or that implementation is on track). The implementation rate of the ISO 20022 messaging standards remains low overall (26%), similar to previous surveys. This might be due to the fact that custodians do not have, for now, a strong incentive to adopt the new ISO messaging standard, as its usage in the Eurosystem will be compulsory before 2025 only for entities interacting with the ECMS (CSDs, TPAs, NCBs). Hence, in the absence of strong commercial incentives, custodians seem for now reluctant to prioritise the adoption of this norm. Besides this standard, which remains the main difficulty for a significant part of French custodians, overall, the survey reveals a relatively encouraging path toward the adoption of CA standards: 75% of respondents expect to implement the CA standards before the final deadline (67% according to the last survey).

Yet, there remains heterogeneity among participants. Only 27% of the custodians have reached the 8 milestones to-date and are thus fully on track as of H2 2022. Also, 25% of custodians expect a delay for the adoption of all Corporate Actions by the deadline of the ECMS go-live. These results underline the need for NSG members to continue to focus on the implementation phase in order to meet SCoRE deadlines.

Issuers

Agence France Trésor (AFT), the public debt management office, is the sole issuer in the French market included in the survey. The AFT is perfectly aware of its obligations regarding the SCoRE standards.

The French NSG Secretariat engaged with the only issuer of the NSG, the public debt management office - Agence France Trésor (AFT), which participated to the H1 2022 survey. The AFT resorts to the ESES CSDs for its issuances and corporate actions, and uses the “user-end” platform of Euroclear, via the ESES interface. Corporate actions of assets issued by the AFT are predetermined and limited (only coupons payments and redemptions), and are conducted through dedicated templates (for the communication between the AFT and ESES). These templates have been updated recently by Euroclear, in order to ensure that the ESES CSDs receive all the necessary information related to corporate actions, in compliance with the SCoRE standards. The AFT is well aware of the standards, and of the importance to communicate timely the necessary information to the ESES CSDs, so that the latter can comply with the SCoRE requirements. Of note, some of the obligations are not related to the AFT perimeter / business (debt issuance only) and are thus reported as “n/a” by this agent. All in all, there is no specific issue of concern for the AFT.

Banque de France is on track to adopt the SCoRE Standards by November 2023

NCB

Banque de France is on track to implement the SCoRE standards for Corporate Actions 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 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	TPA - BNP Paribas	TPA - Euroclear France	CSD - Euroclear France
1A: Notification	59%	100%	N/A	B	G
1B: Instruction	43%		N/A	B	G
1C: Advise	50%		N/A	B	G
1D: Confirmation	46%		N/A	B	G
1E: Reversal	50%		N/A	B	G
1F: Meeting Notification	44%	100%	N/A	B	B
1G: Meeting Instruction	47%		N/A	B	B
1H: Meeting Results	38%		N/A	B	B
2: Calculation of Proceeds	54%	100%			G
3: Consistency of Information	47%	100%			G
4: Rounding Rule 1	63%	100%			B
4: Rounding Rule 2	63%	100%			B
4: Rounding Rule 3	63%	100%			B
4: Rounding Rule 4	63%	100%			B
4: Rounding Rule 5	63%	100%			B
5: Negative Cash Flows	63%	0%			B
6: Business Day Rule		0%			B
7: Securities Amount Data Rule 1		100%			B
7: Securities Amount Data Rule 2		0%			B
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%			B
8: Payment Time Rule 3		0%			B
8: Payment Time General Principle 3		0%			B
9: Processing Status	50%	100%			B
10: Rule 1	50%				B
10: Rule 2	50%				B
10: Rule 3	50%				B
11: Default Option	50%	100%			B
12: Handling of Fees	38%				Y
13: Reversal	38%	100%			B
14: Foreign Currency					B
15: ISO 20022 Messaging	26%				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 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 including “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	TPA - BNP Paribas	TPA - Euroclear France	CSD - Euroclear France
Milestone 1 June 2020	50%	Yes	Yes	Yes
Milestone 2 March 2021	38%	Yes	Yes	Yes
Milestone 3 July 2021	13%	Yes	Yes	Yes
Milestone 4 December 2021	13%	01/23	Yes	Yes
Milestone 5 December 2021	25%	01/23	Yes	Yes
Milestone 6 January 2022	38%	01/23	Yes	Yes
Milestone 7 June 2022	25%	07/23	Yes	Yes
Milestone 8 July 2022	13%	06/23	Yes	Yes
Milestone 9 December 2022	25%	09/23	Yes	Yes
Milestone 10 March 2023	38%	07/23	Yes	Yes
Milestone 11 April 2023	63%	Yes	Yes	Yes
Milestone 12 October 2023	75%	Yes	Yes	Yes
Milestone 13 November 2023	75%	Yes	Yes	Yes

The French CSD Euroclear France meets the current implementation milestones and expects to meet future ones on time. Implementation of Corporate Action standards is on track for Euroclear France as a TPA, and BNPP TPA will not adopt them now, because of its limited business scope (no triparty management services offered for monetary policy operations). As regards custodians, notwithstanding improvements since 2021, the data still show a low level of compliance with the standard related to ISO 20022 messaging, and also reveal heterogeneity across participants (delays as regard the timely achievement of the final milestone are expected for 25% of French custodians).

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