EUROPEAN CENTRAL BANK
EUROSYSTEM

SCoREBOARD

Billing Processes – H1 2022

Italian 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 **S**ingle **Co**llateral Management **R**ulebook for **E**urope (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 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 2022 monitoring exercise conducted by the Italian NSG with the involvement among the following stakeholders:

- 1 CSD – Euronext Securities Milan (Monte Titoli S.p.A.)

8 entities are monitored in the Italian market

- 7 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 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.

1 Key takeaways

Analysis of the Billing Processes Standards in the Italian market has commenced.

Euronext Securities Milan has already implemented two Billing Standards; adaptation is required for Standard 1: ISO 20022 and Standard 4: Dates for Payments Fees. Most custodians have started their analysis for the implementation of Standard 1, which, as some have reiterated, is requested by Wave 2 (i.e. 2025).

Almost all of the reporting entities responded to the survey. This section presents the key findings of the survey for each entity type.

Figure 1
Summary of the monitoring exercise

SCORE	Response Rate	Implementation status	Are all milestones 1 to 6 inclusive achieved?	Will the last milestone 13 be implemented on time (i.e. by 20 November 2023)?
Custodians	86%	Implemented 37.5% Analysis started 56.2% Implementation started 0% Analysis not started 0%	48%	57 %
CSD - Euronext Securities Milan	100%	Implemented 50% Analysis started 0% Implementation started 50% Analysis not started 0%	No	Yes

CSD – Euronext Securities Milan

The CSD confirmed the adoption of the SCoRE Standards by November 2023.

Euronext Securities Milan’s adaptation activities are focusing on Standard 1: ISO 20022 and Standard 4: Dates for Payments Fees, while Standard 2: Billing Cycle and Standard 3: Cut-off Date) have already been fully implemented. The CSD clarified that they will only implement the ‘provide’ segment of the ISO 20022 messaging standard.

The implementation date of November 2023 was confirmed; however, four of the six current milestones were met with a slight delay as the final technical layout of the message camt.077 has not been made available yet by CMH-TF.

Custodians

High participation among custodians.

The majority of custodians have responded to the survey (86% response rate). Adaptations are required in relation to Standard 1: ISO 20022 Messaging while Standard 2 is already implemented by all the responding entities. Custodians confirmed that, according to the SCoRE report, Standards 3 and 4 do not apply.

Most custodians have started their analysis for the implementation of Standard 1 which is required only by Wave 2 (i.e. 2025). A dedicated task force, which includes CSD and intermediary representatives, was set up to carry out the analysis on the billing message.

NCB

Banca d’Italia is on track to adopt the SCoRE Standards in November 2023

Banca d'Italia is on track to adopt the SCoRE Standards for Billing Processes 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 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

SCOREBOARD
SINGLE COLLATERAL MANAGEMENT RULEBOOK FOR EUROPE

- 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	CSD - Euronext Securities Milan
1: ISO 20022 messaging	0%	G
2: Billing cycles	100%	B
3: Cut-off date		B
4: Dates for payments fees		G

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.
For custodians the % indicates the percentage of custodians which have implemented standards / standards being under development and implementation.
- 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)?	**20/03/2023**
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 - Euronext Securities Milan
Milestone 1 June 2020	71%	Yes
Milestone 2 March 2021	71%	Yes
Milestone 3 July 2021	43%	03/22
Milestone 4 December 2021	43%	03/22
Milestone 5 December 2021	29%	06/22
Milestone 6 January 2022	29%	03/22
Milestone 7 June 2022	29%	02/23
Milestone 8 July 2022	29%	02/23
Milestone 9 December 2022	43%	05/23
Milestone 10 March 2023	43%	05/23
Milestone 11 April 2023	43%	Yes
Milestone 12 October 2023	57%	10/23
Milestone 13 November 2023	57%	Yes

4 Concluding remarks

Regarding Euronext Securities Milan's planning, a yellow status is assigned to the current Milestones. However, only Milestone 5 (External Communication) is not yet completed but scheduled by June 2022. Milestone 3 (Analysis completed), Milestone 4 (Documentation completed) and Milestone 6 (Adaptation started), despite with some delay, have been completed in March 2022.

The planning of internal activities has been postponed as the final guideline of message camt.077 is not yet available. Regarding the future milestones, those related to external testing activities have also been postponed: testing will start in May 2023 (instead of December 2022) and it will end by October 2023. The go-live is confirmed by November 2023.

As for custodians, the low rate of compliance is due to the fact that implementation of the ISO 20022 standard is not requested until Wave 2 (i.e. 2025).

Postal address 60640 Frankfurt am Main, Germany
Telephone +49 69 1344 0
Website www.ecb.europa.eu

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