

SCoREBOARD

Corporate Actions – H2 2023

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 2024. 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 that have been established in the markets covered by the AMI-SeCo to support the implementation of the Single Collateral Management Rulebook for Europe (SCoRE).

The Single Collateral Management Rulebook for Europe 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 2023 monitoring exercise conducted by the Cypriot NSG with the involvement among the following stakeholders:

9 entities are monitored in the Cypriot market; only 7 entities participated in H2 2023 monitoring exercise

- 1 CSD – Cyprus Stock Exchange
- 7 Custodians (from which 5 participated)
- 1 Issuer

The findings of the monitoring exercise reflect the Milestones roadmap in place by the time the survey closed (i.e., 13 October 2023) and do not yet consider the AMI-SeCo reflections on the rescheduling of the existing SCoRE Standards implementation deadline from 8 April 2024 to 18 November 2024. In this monitoring exercise, participants were expected to have achieved all the milestones up to Milestone 11 inclusive “Final external communication on SCoRE” (with a deadline of 22 May 2023) 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 behind schedule

7 stakeholders out of 9 participated in the H2 2023 monitoring exercise. Implementation of the Corporate Action Standards in the Cypriot market is behind schedule. It is worth noting that despite the fact that 7 stakeholders submitted their responses, there is one additional custodian that did not respond directly to the survey for the Cypriot market, but provided an update on its status of implementation.

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 11 inclusive achieved?	Will the last milestone 13 be implemented on time (i.e. by 08 April 2024)?
Custodians	71%	Implemented 36.1% Implementation started 13.99% Analysis started 8.05% Analysis not started 0.5% Non applicable standards 11.33% Replies not submitted 27.99%	Average % of milestones achieved 43%	% of custodians on time 57%
Issuers	100%	Aware of obligations 66.6% Not aware of obligations 33.3% Replies not submitted 0%	NA (milestones irrelevant for issuers)	NA
CSD - CYPRUS STOCK EXCHANGE	Survey submitted	Implemented 25.9% Implementation started 7.65% Analysis started 41.7% Analysis not started 0% Non applicable standards 24.6% Replies not submitted 0%	No	01/26

CSD – Cyprus Stock Exchange

CSE implementation is behind schedule

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 analysis and the adaptation of the applicable SCoRE Standards has not yet been completed. The CSE expects to gradually implement the standards by January 2026.

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 provides, 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 hosts and maintains the dematerialised securities system of CDCR at a second processing site in Greece.

Following the completion of the H1 2023 monitoring survey, it was observed that the CSE will deviate from the implementation dates previously indicated and would not be able to meet the previous implementation deadline of 8 April 2024. Nevertheless, the Central Bank of Cyprus contacted the CSE in order to ensure that due action would be taken, in cooperation with ATHEXCSD, in order to bring the project back on track.

Since then, the CSE in collaboration with the ATHEXCSD has accelerated the procedures towards the implementation of the SCoRE CA standards. The CSE assesses that they will implement all the (relevant to the CSE) standards by January 2025, except for the Standard 15 “ISO 20022 messages for corporate actions” that the CSE expects that its implementation will be postponed until January 2026. Currently, 9 standards require harmonisation, 3 standards are implemented, and 3 standards are not applicable for the Cypriot market. Except for Milestones 1 and 2 that have been implemented, the rest fall behind schedule (please refer to Table 3 ‘Entities expectation of achieving the milestones at the set dates’).

Custodians

Custodians inform that the Standards will be implemented slightly behind schedule

H2 2023 monitoring exercise covers 90% of custodians which are active in the Cypriot market, the implementation status of who participated is distributed as follows:

- 8% of standards (at granular subpoint level) are reported with analysis in progress;
- 36% of standards are reported as already implemented;
- 14% of standards are reported under ongoing implementation;
- 11% of standards are considered not applicable to the individual custodians’ operations;
- 28% of standards’ responses relate to the custodians that did not respond to the survey.

Custodians have indicated 43% compliance with the current milestones for the implementation of SCoRE Corporate Action Standards. In particular, delays are expected for the Analysis and Communication activities (only for Milestones 3-5), the Internal Adaptation activities (Milestones 6-9) and the Milestones 10 “External Testing Started for SCoRE” and 11 “Final External Communication on SCoRE”. Custodians expect to implement the standards by April 2025.

The custodian that did not respond directly to the survey for the Cypriot market, has indicated that it expects to implement the SCoRE Corporate Actions standards by September 2024.

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 1% of the total bonds issued, while corporate bonds issued by a single issuer constitute around 98% 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 99% 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 by 18 November 2024

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 18 November 2024.

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	57%	100%	Y
1B: Instruction	54%		Y
1C: Advise	57%		Y
1D: Confirmation	52%		Y
1E: Reversal	55%		Y
1F: Meeting Notification	68%	100%	Y
1G: Meeting Instruction	71%		G
1H: Meeting Results	52%		Y
2: Calculation of Proceeds	63%	100%	Y
3: Consistency of Information	64%	100%	Y
4: Rounding Rule 1	71%	100%	B
4: Rounding Rule 2	71%	100%	B
4: Rounding Rule 3	71%	100%	B
4: Rounding Rule 4	71%	100%	G
4: Rounding Rule 5	71%	100%	B
5: Negative Cash Flows	60%	0%	N/A
6: Business Day Rule		100%	B
7: Securities Amount Data Rule 1		100%	Y
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%	N/A
8: Payment Time Rule 3		0%	B
8: Payment Time General Principle 3		0%	N/A
9: Processing Status	57%	100%	Y
10: Rule 1	57%		B
10: Rule 2	57%		Y
10: Rule 3	57%		Y
11: Default Option	71%	0%	B
12: Handling of Fees	40%		N/A
13: Reversal	57%	100%	Y
14: Foreign Currency			N/A
15: ISO 20022 Messaging	38%		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 1 above.
- For custodians the % indicates the percentage of custodians which have implemented the standard or have the standard 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 avoid issues remaining undetected until the deadline to achieve compliance and implementation of the standards. The Milestone dates refer to the timeline in place at the moment of survey closing (i.e., 13 October 2023) and do not yet consider the AMI-SeCo reflections on the rescheduling of the existing SCoRE Standards implementation deadline from 8 April 2024 to 18 November 2024.

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?	10/03/2023
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)?	22/05/2023
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?	22/05/2023
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)?	16/02/2024
M13	SCoRE Standards Implemented: have the SCoRE Standards been implemented?	08/04/2024

The current H2 2023 monitoring exercise focuses on milestones 1 to 11 given that Milestone 11 “Final external communication on SCoRE” (with a deadline of 22 May 2023) 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	71%	Yes
Milestone 2 March 2021	57%	Yes
Milestone 3 July 2021	43%	03/25
Milestone 4 December 2021	43%	04/25
Milestone 5 December 2021	43%	04/25
Milestone 6 January 2022	57%	04/25
Milestone 7 June 2022	29%	06/25
Milestone 8 July 2022	43%	06/25
Milestone 9 March 2023	29%	09/25
Milestone 10 May 2023	29%	09/25
Milestone 11 May 2023	29%	12/25
Milestone 12 February 2024	57%	12/25
Milestone 13 April 2024	57%	01/26

4 Concluding remarks

The CSE is currently behind schedule for the implementation of SCoRE Corporate Action Standards (based on the milestones provided by the AMI-SeCo).

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, because (i) it provides, hosts and maintains the servers of the Depository in Greece, and (ii) it hosts and maintains the dematerialised securities system of CDCR at a second processing site in Greece.

Following the completion of the H1 2023 monitoring survey, it was observed that the CSE will deviate from the implementation dates previously indicated and would not be able to meet the previous implementation deadline. The Central Bank of Cyprus contacted the CSE in order to ensure that due action would be taken, in cooperation with ATHEXCSD, in order to bring the project back on track.

Since then, the CSE in collaboration with the ATHEXCSD has accelerated the procedures towards the implementation of the CA standards. The CSE assesses that they will implement all the (relevant to the CSE) standards by November 2024, except for the Standard 15 "ISO 20022 messages for corporate actions" that the CSE expects that its implementation will be postponed until January 2026.

Except for Milestones 1 and 2 that have been implemented, the rest fall behind schedule.

© European Central Bank, 2024

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).