

# SCoREBOARD

## Corporate Actions – H2 2023

Polish 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 Polish NSG with the involvement among the following stakeholders:

10 entities are monitored in the Polish market

- 2 CSD – KDPW, SKARBNET4
- 7 Custodians
- 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

In the Polish market, CSDs have started the implementation of Corporate Action Standards. Further engagement among custodians and issuers are foreseen in the future.

Concerning the major Polish financial market infrastructure institution, namely the KDPW SA, the implementation of the Corporate Actions Standards (CA Standards) is either completed or subject to analysis or development. It is anticipated that the standards will be implemented on time. The process of implementation of the standards by SKARBNET4 is also on track although, due to the specific range of activities performed by the system, it is restricted to only a few standards as the remaining standards were deemed not applicable. Regarding custodians, three reporting entities responded to the survey. The participating entities declared to be compliant with several standards and to be analysing implementation of the remaining requirements. Furthermore, the Polish Association of Listed Companies (SEG) and the Ministry of Finance representing Polish issuers did not take part in this round of survey. AMI-SeCo NSG\_PL will endeavour to engage the custodians and issuers in the process at a later stage.

**Figure 1**  
**Summary of the monitoring exercise**

	 <b>Response Rate</b>	 <b>Implementation Status of the standards</b>	<b>Are all milestones 1 to 11 inclusive achieved?</b>	<b>Will the last milestone 13 be implemented on time (i.e. by 08 April 2024)?</b>
<b>Custodians</b>	29%	Implemented 14.4% Implementation started 0.57% Analysis started 2.60% Analysis not started 2.98% Non applicable standards 8% Replies not submitted 71.4%	Average % of milestones achieved 19%	% of custodians on time 14%
<b>Issuers</b>	0%	Aware of obligations 0% Not aware of obligations 0% Replies not submitted 100%	<b>NA (milestones irrelevant for issuers)</b>	<b>NA</b>
<b>CSD - KDPW</b>	Survey submitted	Implemented 39.1% Implementation started 40.8% Analysis started 5.95% Analysis not started 0% Non applicable standards 14.0% Replies not submitted 0%	<b>No</b>	<b>Yes</b>
<b>CSD - SKARBNET4</b>	Survey submitted	Implemented 6.38% Implementation started 0% Analysis started 0% Analysis not started 0% Non applicable standards 93.6% Replies not submitted 0%	<b>Yes</b>	<b>Yes</b>

## CSD – KDPW

KDPW is already fully or partly compliant with 8 CA standards and analysis of the remaining standards is ongoing.

KDPW is currently fully compliant with five out of the 15 CA Standards (Standards 5, 6, 8, 11 and 14) while it has partly implemented three standards (Standard 4, 7 and 15). Implementation is ongoing for several of the remaining Standards, while some are still undergoing analysis. It is worth noting that most of the ISO 20022 messages are already implemented. Some key data elements specified in the SCoRE rulebook are not used today and shall be implemented. Some of the corporate action events forming part of the Standards are not under development or implementation process basically due to the absence of market use cases. Their implementation will be dependent on market demand. Only a few corporate action events were deemed not applicable and thus will not be subject to implementation process.

Legal barriers have been identified with regards to Standard 4: Rounding Rule No. 5 as these may contradict some of the existing issues rounding models. Furthermore, debt securities are, by law, issued in units, not nominal value, which contradicts Standard 7. When it comes to CA communication in ISO 20022, KDPW converts amount data in units to nominal value for debt instruments, nonetheless they are issued and safekept in units. The implementation of the abovementioned Standards will involve relevant legal amendments, which may prolong the process of adaptation to SCoRE. Furthermore, should the required changes be implemented, these could only apply to new securities issues, whereas already issued securities would maintain legacy legislative requirements.

It is expected that most of the remaining milestones will be met on time and the implementation date of November 2024 will be met.

## CSD – SKARBNET4

Skarbn4 has commenced their analysis for most CA standards. Some delays are foreseen but, overall, the implementation date of April 2024 will be met.

SKARBNET4 is a system operated by Narodowy Bank Polski. It exclusively services T-bills (issued by Ministry of Finance periodically) and NBP-bills (issued by NBP in open market operations which are the main instrument of monetary policy) - basically a primary market which entails relatively small group of highly expert institutions (mainly banks). Therefore, there are only two issuers in SKARBNET4 – NBP and the Ministry of Finance. The only corporate action in case of NBP-bills and T-bills is redemption. ISO 20022 messages for corporate action processes (redemption) are not currently supported and are the main change to be introduced in order to comply with the SCoRE CA Standards. Due to specificity of the system, some of the Standards are not relevant to its activities and are, thus, considered not applicable. Several Standards were deemed implemented (Standards 6, 7, 8, and 10).

The delay in starting the implementation of the abovementioned requirements was due to previously commenced process of implementation of the EU Regulation 2018/1229 on settlement discipline, which turned out to be very demanding. The milestones No. 7 to 11 were achieved in June 2023.

Low participation among custodians.

### Custodians

Only three out of the seven reporting entities responded to the survey during this monitoring round. These reporting entities reported full implementation of several CA standards, in particular the majority of Standards 1 to 5 and 15 as well as Standards 9 and 11, with the remaining Standards, or parts of Standards, subject to ongoing analysis. The implementation of the remaining parts of Standard 15 is postponed until Wave 2, when account servicers will be obliged to offer ISO 20022 messaging to clients that have the capability to use the ISO 20022 protocol.

### Issuers

Low participation among issuers.

Neither the Polish Association of Listed Companies (SEG) - a self-government organization of companies listed on the Stock Exchange representing around 250 of issuers –nor, the Ministry of Finance - the issuer of T-bonds- participated in the current round of the monitoring exercise.

## 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	CSD - KDPW	CSD - SKARBNET4
1A: Notification	24%	0%	G	B
1B: Instruction	21%		G	N/A
1C: Advise	26%		G	N/A
1D: Confirmation	19%		G	N/A
1E: Reversal	0%		G	N/A
1F: Meeting Notification	19%	0%	G	N/A
1G: Meeting Instruction	14%		G	N/A
1H: Meeting Results	15%		Y	N/A
2: Calculation of Proceeds	11%	0%	Y	B
3: Consistency of Information	18%	0%	Y	B
4: Rounding Rule 1	29%	0%	B	N/A
4: Rounding Rule 2	29%	0%	B	N/A
4: Rounding Rule 3	29%	0%	B	N/A
4: Rounding Rule 4	29%	0%	G	N/A
4: Rounding Rule 5	29%	0%	G	N/A
5: Negative Cash Flows	17%	0%	B	N/A
6: Business Day Rule		0%	B	B
7: Securities Amount Data Rule 1		0%	Y	B
7: Securities Amount Data Rule 2		0%	B	N/A
7: Securities Amount Data Rule 3		0%	B	N/A
7: Securities Amount Data Rule 4		0%	B	N/A
8: Payment Time Rule 1		0%	B	B
8: Payment Time Rule 2		0%	B	N/A
8: Payment Time Rule 3		0%	B	B
8: Payment Time General Principle 3		0%	B	B
9: Processing Status	29%	0%	G	N/A
10: Rule 1	14%		B	B
10: Rule 2	17%		Y	N/A
10: Rule 3	0%		G	N/A
11: Default Option	29%	0%	B	N/A
12: Handling of Fees	0%		G	N/A
13: Reversal	0%	0%	G	N/A
14: Foreign Currency			B	N/A
15: ISO 20022 Messaging	16%		Y	B

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 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 actual respondents

### 3 Implementation 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 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	<b>Analysis Started:</b> 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	<b>Initial Communication:</b> Has initial high-level communication with external stakeholders on the changes introduced by SCoRE commenced?	01/03/2021
M3	<b>Analysis Completed:</b> Have you completed an in-depth analysis of all applicable SCoRE Standards?	31/07/2021
M4	<b>Documentation Completed:</b> 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	<b>Detailed External Communication:</b> 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	<b>SCoRE Adaptation Started:</b> Have you started to adapt/develop the processes and procedures in order to comply with the SCoRE Standards?	01/01/2022
M7	<b>SCoRE Adaptation Complete:</b> Have you completed the necessary adaptations/developments for the processes and procedures in order to comply with the SCoRE Standards?	30/06/2022
M8	<b>Internal Testing Started for SCoRE:</b> 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	<b>Internal Testing Complete for SCoRE:</b> Have you completed the necessary internal testing?	10/03/2023
M10	<b>External Testing Started for SCoRE:</b> 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	<b>Final External Communication on SCoRE:</b> 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	<b>External Testing Completed for SCoRE:</b> 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	<b>SCoRE Standards Implemented:</b> 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 - KDPW	CSD - SKARBNET 4
Milestone 1 June 2020	29%	Yes	Yes
Milestone 2 March 2021	29%	Yes	Yes
Milestone 3 July 2021	14%	Yes	Yes
Milestone 4 December 2021	14%	Yes	Yes
Milestone 5 December 2021	14%	Yes	Yes
Milestone 6 January 2022	29%	Yes	Yes
Milestone 7 June 2022	14%	Yes	Yes
Milestone 8 July 2022	29%	Yes	Yes
Milestone 9 March 2023	14%	Yes	Yes
Milestone 10 May 2023	14%	Yes	Yes
Milestone 11 May 2023	14%	10/23	Yes
Milestone 12 February 2024	14%	Yes	Yes
Milestone 13 April 2024	14%	Yes	Yes



## 4 Concluding remarks

Although there are some delays with regards to the current milestones most of the later milestones will be met on time, including the final Milestone for full implementation of the SCoRE Standards by November 2024.

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