

SCoREBOARD

Corporate Actions – H1 2024

Hungarian 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 H1 2024 monitoring exercise conducted by the Hungarian NSG with the involvement among the following stakeholders:

14 entities are monitored in the Hungarian market

- 1 CSD – KELER
- 8 Custodians
- 5 Issuers

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.

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Key takeaways

Implementation of the Corporate Action Standards in the Hungarian market is behind schedule

KELER CSD, two custodians (out of eight) and two issuers (out of five) provided input to the H1 2024 survey, which shows an increase in the number of responses compared to H1 2023. One custodian and zero issuers have provided answers to previous survey, and one issuer has not provided any answer so far. This section presents the key findings of the survey for each entity type. Previous answers are also considered.

KELER CSD, several custodians and most issuers are currently behind schedule. A minimum one-year delay is expected in reaching market-wide full compliance.

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 18 November 2024)?
Custodians	38%	Implemented 22.04% Implementation started 2.48% Analysis started 6.44% Analysis not started 0% Replies not submitted 69.04% ----- Non applicable standards 9.47%	Average % of milestones achieved 15%	% of custodians on time 13%
Issuers	20%	Aware of obligations 19.39% Not aware of obligations 0.61% Replies not submitted 80%	NA (milestones irrelevant for issuers)	NA
CSD - KELER	Survey submitted	Implemented 6.67% Implementation started 0% Analysis started 93.33% Analysis not started 0% ----- Non applicable standards 22.75%	No	12/25

CSD – KELER

KELER CSD intends to comply with applicable standards but indicates a minimum one-year delay for each implementation milestone

KELER CSD has started the necessary analyses to implement each Corporate Action Standard that it deems applicable for the Hungarian market. These analyses are expected to be finished with a two years delay compared to the date envisaged by the relevant milestone 3 (i.e. by October 2022¹), which is reflected in KELER CSD's compliance status.

KELER CSD intends to comply with each milestone with a minimum one-year delay. KELER plans the implementation of the SCoRE CA standards by the end

¹ According to KELER's adaptation plan.

of 2025. That is reflected at each milestone is that is not already achieved.

KELER also indicates that the implementation project is under review, therefore the timelines provided might be changed in the future.

Overall, KELER CSD has achieved Milestones 1 and 2, meaning that the additional milestones expected at this point in time, i.e., Milestones 3 to 9 are delayed.

Custodians

10% of Custodian answers show that internal analysis has started

Two out of eight monitored custodians provided fresh answers for the H1 2024 monitoring exercise.

One custodian indicated that it meets the milestones already, there are a few corporate action types where developments are required to fully comply with standards. The other responding custodian indicated that milestones will be met with one year delay.

Issuers

29% of Issuer answers showed awareness in previous surveys

Two of the monitored issuers provided answers for the H1 2024 monitoring exercise. The answers for previous surveys show varying levels of compliance.

Overall, the latest responses show that regarding most of the standards the issuers are aware of the obligations, while in case of a few standards the details of the standards should be clarified with the given issuers.

2 Compliance level with the standards

This section provides an overview of the current status of compliance with the corporate action 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 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 - KELER
1A: Notification	36%	20%	Y
1B: Instruction	36%		Y
1C: Advise	38%		Y
1D: Confirmation	35%		Y
1E: Reversal	25%		Y
1F: Meeting Notification	38%	20%	Y
1G: Meeting Instruction	38%		Y
1H: Meeting Results	38%		Y
2: Calculation of Proceeds	22%	20%	Y
3: Consistency of Information	19%	20%	Y
4: Rounding Rule 1	25%	20%	Y
4: Rounding Rule 2	25%	20%	Y
4: Rounding Rule 3	25%	20%	Y
4: Rounding Rule 4	25%	20%	Y
4: Rounding Rule 5	25%	20%	B
5: Negative Cash Flows	14%	20%	B
6: Business Day Rule		20%	Y
7: Securities Amount Data Rule 1		20%	B
7: Securities Amount Data Rule 2		20%	B
7: Securities Amount Data Rule 3		20%	B
7: Securities Amount Data Rule 4		20%	B
8: Payment Time Rule 1		0%	Y
8: Payment Time Rule 2		20%	Y
8: Payment Time Rule 3		20%	Y
8: Payment Time General Principle 3		20%	Y
9: Processing Status	38%	20%	Y
10: Rule 1	25%		Y
10: Rule 2	25%		Y
10: Rule 3	25%		N/A
11: Default Option	38%	20%	Y
12: Handling of Fees	25%		Y
13: Reversal	13%	20%	Y
14: Foreign Currency			N/A
15: ISO 20022 Messaging	17%		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.
- 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 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 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?	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)?	20/09/2024
M13	SCoRE Standards Implemented: have the SCoRE Standards been implemented?	18/11/2024

The current H1 2024 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 - KELER
Milestone 1 June 2020	25%	Yes
Milestone 2 March 2021	25%	Yes
Milestone 3 July 2021	13%	01/25
Milestone 4 December 2021	13%	06/25
Milestone 5 December 2021	13%	06/25
Milestone 6 January 2022	13%	01/25
Milestone 7 June 2022	13%	06/25
Milestone 8 July 2022	13%	06/25
Milestone 9 March 2023	13%	06/25
Milestone 10 May 2023	13%	12/25
Milestone 11 May 2023	13%	12/25
Milestone 12 September 2024	13%	12/25
Milestone 13 November 2024	13%	12/25

4 Concluding remarks

KELER CSD plans to comply with all SCoRE Standards on Corporate Actions by the end of 2025, i.e. with a one-year delay, which also applies to interim milestones; however, one respondent custodian plan to achieve compliance by the expected April 2024 deadline, the other respondent custodian reports one year delay, which implies that KELER's delay affects custodians at a varying level. Issuers show a high level of awareness regarding the standards.

Overall, the expected milestones at this point in time, i.e. Milestones 1 to 9 are not achieved by the Hungarian market as a whole.

KELER provided the following additional information on milestone planning:

Milestone 3-13: KELER plans the implementation of the SCoRE CA standards by the end of 2025. That is reflected at each milestone is that not already achieved.

KELER also indicates that the implementation project is under review, therefore the timelines provided might be changed in the future.

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