

SCoREBOARD

Corporate Actions – H2 2023

Maltese 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 Maltese NSG with the involvement among the following stakeholders:

- 1 CSD – Malta Stock Exchange
- 1 Custodian – HSBC Bank Malta PLC

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-

2 entities are monitored in the Maltese market

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

CSD implementation of the Corporate Action Standards in the Maltese market is fully on track

Malta Stock Exchange and HSBC Bank Malta PLC were the entities to participate in the H2 2023 monitoring exercise.

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	100%	Implemented 60% Implementation started 1.33% Analysis started 0% Analysis not started 1.33% Non applicable standards 37.3% Replies not submitted 0%	Average % of milestones achieved 0%	% of custodians on time 0%
CSD - Malta Stock Exchange	Survey submitted	Implemented 31.4% Implementation started 19.5% Analysis started 6.80% Analysis not started 0% Non applicable standards 42.1% Replies not submitted 0%	Yes	Yes

CSD – Malta Stock Exchange

Malta Stock Exchange is on track to achieve full compliance

The Malta Stock Exchange is already compliant with four of the 15 CA Standards, being CA Standards 7, 9, 11 and 14. The CSD is making additional developments and implementations with regards to Standards 1, 2, 3, 4, , 6, 8, 10 and 15. Moreover, further analysis is being conducted for proper implementation of

Standards 1, 2, 3, 5, 13 and 15. Meanwhile, Standard 12 is not applicable. Implementation is fully on track in view of achieving full compliance by the stipulated deadline.

Custodians

The Custodian has already implemented several CA Standards.

HSBC Bank Malta plc is compliant with several of the applicable standards, including Standards 2, 3, 4, 10 and 11. CA Standard 1 is only partly implemented, with some sub-standards pending analysis. Standards 5, 9, 12, 13 and 15 are not applicable.

Issuers

Issuers did not participate in the H2 2023 monitoring exercise

Issuers in the Maltese market did not participate in the current round of the monitoring survey.

NCB

The Central Bank of Malta is on track to adopt the SCoRE Standards in 2024

The Central Bank of Malta is on track to implement the SCoRE Standards for Corporate Actions for its collateral management activities.

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	CSD - Malta Stock Exchange
1A: Notification	90%	B
1B: Instruction	100%	G
1C: Advise	100%	G
1D: Confirmation	100%	G
1E: Reversal	80%	Y
1F: Meeting Notification	100%	G
1G: Meeting Instruction	88%	G
1H: Meeting Results	100%	Y
2: Calculation of Proceeds	100%	Y
3: Consistency of Information	100%	Y
4: Rounding Rule 1	NA	B
4: Rounding Rule 2	100%	B
4: Rounding Rule 3	100%	B
4: Rounding Rule 4	100%	G
4: Rounding Rule 5	100%	G
5: Negative Cash Flows	NA	Y
6: Business Day Rule		G
7: Securities Amount Data Rule 1		B
7: Securities Amount Data Rule 2		N/A
7: Securities Amount Data Rule 3		B
7: Securities Amount Data Rule 4		B
8: Payment Time Rule 1		B
8: Payment Time Rule 2		B
8: Payment Time Rule 3		B
8: Payment Time General Principle 3		G
9: Processing Status	NA	B
10: Rule 1	100%	B
10: Rule 2	100%	B
10: Rule 3	NA	G
11: Default Option	100%	B
12: Handling of Fees	NA	N/A
13: Reversal	NA	Y
14: Foreign Currency		B
15: ISO 20022 Messaging	NA	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 2 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. NA means that the standard is not applicable for all custodians.
- 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. 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 - Malta Stock Exchange
Milestone 1 June 2020	0%	Yes
Milestone 2 March 2021	0%	Yes
Milestone 3 July 2021	0%	Yes
Milestone 4 December 2021	0%	Yes
Milestone 5 December 2021	0%	Yes
Milestone 6 January 2022	0%	Yes
Milestone 7 June 2022	0%	Yes
Milestone 8 July 2022	0%	Yes
Milestone 9 March 2023	0%	Yes
Milestone 10 May 2023	0%	Yes
Milestone 11 May 2023	0%	Yes
Milestone 12 February 2024	0%	Yes
Milestone 13 April 2024	0%	Yes

4 Concluding remarks

The CSD is conducting analysis and working on implementing numerous CA standards, and therefore the MSE is expected to achieve compliance with all standards by the SCoRE deadline. Meanwhile, the CSD has met all milestones and is on track with their implementation.

Meanwhile, the Custodian has met multiple CA standards and shall be starting their analysis on the remaining standards in July 2024. Meanwhile, HSBC Bank Malta plc has not achieved any of the respective milestones, but anticipates reaching such targets by July 2024.

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